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LEGISLATIVE HISTORY

Commodity Credit Corporation continuation

H. R. 2869

Vetoed

TABLE OF CONTENTS

Digest of H. R. 2869	1
Index and Summary of History on H. R. 2869	2

1964
100

Digest of H. R. 2869

H. R. 2869 increases CCC's borrowing power by \$500,000,000; continues it as a U. S. agency until June 30, 1945; authorizes the Federal Reserve banks to act as depositaries, custodians, and fiscal agents for CCC; in order to prevent CCC and other funds from being used for subsidies, prohibits any maximum price below that necessary for producers to receive the support price announced by the Secretary or below the highest of the maximum prices described in the Economic Stabilization Act, except that this provision shall not prevent the selling of wheat for feed at not less than parity price of corn nor prevent adjustments in price supports and ceilings on fats and oils necessary to secure adequate production, and that CCC agreements in effect before enactment of this bill shall be affected for 60 days thereafter; authorizes the War Food Administrator to determine modifications in maximum prices for agricultural commodities and their products to the extent necessary to secure adequate production; requires CCC to make reimbursements for services performed, losses sustained, operating costs incurred, or commodities purchased or delivered to Lend-Lease, Army, Navy, PEW, RFC, etc.; changes the basis of annual appraisal of CCC's assets; and provides that 12 U. S. C. 375a (prohibiting loans to executive officers of certain banks) shall not apply to loans which CCC has agreed to guarantee or secure.

INDEX AND SUMMARY OF HISTORY ON H. R. 2869

May 14, 1943 S. 1108 was introduced by Senator Wagner and referred to the Senate Committee on Banking and Currency. Print of the bill as introduced. (Companion bill).

May 17, 1943 H. R. 2725 was introduced by Rep. Steagall and was referred to the House Committee on Banking and Currency. Print of the bill not available. (Similar bill).

May 18, 1943 Hearings: House, H. R. 2725.

June 3, 1943 H. R. 2869 was introduced by Rep. Steagall and was referred to the House Banking and Currency Committee. Print of the bill as introduced.

June 4, 1943 House Committee reported H. R. 2869 without amendment. House Report 525. Print of the bill as reported.

Senate Committee reported S. 1108 without amendment. Senate Report 286. Print of the bill as reported.

June 10, 1943 Senate discussed recommittal of S. 1108.

June 11, 1943 Minority views report on H. R. 2869. House Rept. 525, Pt.2.

June 15, 1943 Senate discussed and passed over S. 1108.

June 18, 1943 Amendment to be proposed by Taft on S. 1108. Print of the amendment.

June 22, 1943 Rules Committee reported H. Res. 270 for the consideration of H. R. 2869. H. Rept. 572. (Resolution and report not available).

June 23, 1943 Senate began debate on S. 1108.

Amendments to be proposed by Senators Bankhead, Aiken & Clark. Prints of the amendments.

June 24, 1943 Senate debate continued, on S. 1108.

Amendments to be proposed by Senators Johnson and George. Prints of the amendments.

June 25, 1943 Senate debate continued on S. 1108.

H. R. 2869 was debated and passed the House with amendments.

H. R. 2869 was referred to the Senate. Print of the bill as referred to the Senate.

Amendments to be proposed by Senators O'Mahoney and Clark.

June 26, 1943

Senate debate on H. R. 2869 concluded and passed with substitute language of S. 1108.

H. R. 2869 printed with the amendment of the Senate.

House and Senate appointed Conferees.

June 28, 1943

Senator Tobey resigned as conferee.

June 29, 1943

House received the Conference Report. House Report 617.

June 30, 1943

Both Houses agreed to the Conference Report.

July 2, 1943

The President vetoed H. R. 2869. President's veto message. House Document 249.

House received and sustained the President's veto.

House later passed H. J. Res. 147 - Public Law 151 - 78th Congress, to continue CCC.

78TH CONGRESS
1ST SESSION

S. 1108

IN THE SENATE OF THE UNITED STATES

MAY 14 (legislative day, MAY 12), 1943

Mr. WAGNER introduced the following bill; which was read twice and referred to the Committee on Banking and Currency

A BILL

To continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and to provide for an audit by the General Accounting Office of the financial transactions of the Corporation, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 1 of the Act approved March 8, 1938 (52 Stat.
4 107), as amended, is hereby amended by deleting from the
5 first sentence thereof the term "31st of March" where that
6 term first appears therein and substituting in lieu thereof the
7 term "30th of June", and by deleting from the second
8 sentence thereof "on the basis of the cost, including not more

1 than one year of carrying charges, of such assets to the
2 Corporation, or the average market prices of such assets for
3 a period of twelve months ending with March 31 of each year,
4 whichever is less," and inserting in lieu thereof "on the basis
5 of the cost, or insofar as practicable, the average market price
6 of such assets during the last month of the fiscal year covered
7 by the appraisal, whichever is the lower." Only one appraisal
8 of the assets and liabilities of the Corporation shall be made
9 during the calendar year 1943 which shall be on the basis
10 established by this amendment.

11 SEC. 2. Section 4 of the Act approved March 8, 1938
12 (52 Stat. 108), as amended, is hereby amended by deleting
13 the term "\$2,650,000,000" and inserting in lieu thereof the
14 term "\$3,650,000,000".

15 SEC. 3. Section 7 of the Act approved January 31, 1935
16 (49 Stat. 4), as amended, is hereby amended by changing
17 the designation thereof to section 7 (a) and by deleting
18 from the first sentence thereof the term "June 30, 1943"
19 and by inserting in lieu thereof "June 30, 1947, or the end
20 of the second year following the first day of January im-
21 mediately following the date upon which the President by
22 proclamation or the Congress by concurrent resolution de-
23 clares that hostilities in the present war have terminated,
24 whichever is the later"; and is further hereby amended by
25 striking out the period at the end of the section and insert-

1 ing in lieu thereof a comma and the following: “without
2 regard to provisions of any other existing law relating to
3 public funds: *Provided, however,* That the Corporation shall
4 at all times maintain complete and accurate books of account
5 and shall determine the procedures to be followed in the
6 transaction of the corporate business.

7 “(b) The financial transactions of the Corporation begin-
8 ning with the period from July 1, 1943, shall be audited by
9 the General Accounting Office in accordance with the princi-
10 ples applicable to commercial corporate transactions and under
11 such rules and regulations as may be prescribed by the Comp-
12 troller General of the United States: *Provided,* That the
13 Corporation shall continue to have the authority to make
14 final and conclusive settlement and adjustment of any claims
15 by or against the Corporation or the accounts of its fiscal
16 officers: *Provided further,* That a report of such audit shall
17 be made to the Congress, together with such recommenda-
18 tions as the Comptroller General may deem advisable, and
19 that each such report shall cover a period of one fiscal year
20 and shall not be made until the Corporation and the Secretary
21 of Agriculture shall have had a reasonable opportunity, not
22 to exceed 90 days, to examine the report, point out errors
23 therein, explain or answer the same, and file a statement
24 which shall be submitted by the Comptroller General with
25 his report: *Provided further,* That a copy of each such report

1 shall be furnished the Secretary of the Treasury and that the
2 findings contained therein shall be considered by the Secre-
3 tary in appraising the assets and liabilities and determining
4 the net worth of the Corporation under sections 1 and 2 of the
5 Act of March 8, 1938 (52 Stat. 107), as amended: *Provided*,
6 *however*, That nothing in this section shall be construed as
7 modifying legislation authorizing the use of funds of the
8 Corporation for administrative expenses and requiring ac-
9 countability therefor.

10 “(c) The expenses of the audit as provided in this section
11 may be paid up to and including June 30, 1945, from moneys
12 advanced therefor by the Corporation, or from any appro-
13 priation or appropriations for the General Accounting Office,
14 and appropriations so used shall be reimbursed promptly by
15 the Corporation as billed by the Comptroller General: *Pro-*
16 *vided*, That any such advances or reimbursements shall be
17 considered as nonadministrative expenses of the Corporation.
18 For the purpose of such audit the representatives of the Gen-
19 eral Accounting Office shall have access to all papers, books,
20 files, accounts, financial records, warehouses, and all other
21 things, property and places belonging to or under the control
22 of or used or employed by the Corporation and shall be
23 afforded full facilities for verifying transactions with and
24 balances in depositaries and with fiscal agents: *Provided fur-*
25 *ther*, That the certified financial reports and schedules of the

1 fiscal agents of the Corporation based on commercial audits
2 in the usual course of business may be accepted by the
3 General Accounting Office in its audit of the financial trans-
4 actions of the Corporation as final and not subject to further
5 audit verification.

6 “(d) Any examination of the corporate records shall
7 be made at the place or places where such records are
8 normally kept in the transaction of the corporate business,
9 and the Corporation shall retain custody of contracts, vouch-
10 ers, schedules, or other financial or accounting documents,
11 either original or duplicate, relating to its nonadministrative
12 transactions.”

13 SEC. 4. The Federal Reserve banks are hereby author-
14 ized to act as depositaries, custodians, and fiscal agents for
15 the Commodity Credit Corporation.

A BILL

To continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and to provide for an audit by the General Accounting Office of the financial transactions of the Corporation, and for other purposes.

By Mr. WAGNER

MAY 14 (legislative day, MAY 12), 1943

Read twice and referred to the Committee on
Banking and Currency

78TH CONGRESS
1ST SESSION

H. R. 2869

IN THE HOUSE OF REPRESENTATIVES

JUNE 3, 1943

MR. STEAGALL introduced the following bill; which was referred to the Committee on Banking and Currency

A BILL

To continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 1 of the Act approved March 8, 1938 (52 Stat.
4 107), as amended, is hereby amended by deleting from the
5 first sentence thereof the term "31st of March" where that
6 term first appears therein and substituting in lieu thereof the
7 term "30th of June", and by deleting from the second sen-
8 tence thereof "on the basis of the cost, including not more
9 than one year of carrying charges, of such assets to the
10 Corporation, or the average market prices of such assets for

1 a period of twelve months ending with March 31 of each
2 year, whichever is less", and inserting in lieu thereof "on
3 the basis of the cost, or insofar as practicable, the average
4 market price of such assets during the last month of the
5 fiscal year covered by the appraisal, whichever is the lower".
6 Only one appraisal of the assets and liabilities of the Cor-
7 poration shall be made during the calendar year 1943 which
8 shall be on the basis established by this amendment.

9 SEC. 2. Section 4 of the Act approved March 8, 1938
10 (52 Stat. 108), as amended, is hereby amended by deleting
11 the term "\$2,650,000,000" and inserting in lieu thereof the
12 term "\$3,150,000,000;".

13 SEC. 3. The first sentence of section 7 of the Act approved
14 January 31, 1935 (Public, Numbered 1, Seventy-fourth
15 Congress; 49 Stat. 4), is amended by striking out "June 30,
16 1943" and inserting in lieu thereof "June 30, 1945".

17 SEC. 4. The Federal Reserve banks are hereby author-
18 ized to act as depositaries, custodians, and fiscal agents for
19 the Commodity Credit Corporation.

20 SEC. 5. Section 22 (g) of the Federal Reserve Act, as
21 amended (12 U. S. C. 375a), is hereby amended by adding
22 at the end thereof the following: "This section shall not
23 apply to loans which the Commodity Credit Corporation has
24 agreed to guarantee or secure".

25 SEC. 6. In order to prevent the funds of the Commodity

1 Credit Corporation or any other Government agency from
2 being used for the payment of subsidies to maintain maximum
3 prices for agricultural commodities or for commodities proc-
4 essed in whole or in substantial part from agricultural com-
5 modities, no maximum price shall be established or main-
6 tained under any law for any such commodity below a price
7 which will reflect to the producers thereof, in the market
8 place the support price therefor announced by the Secretary,
9 or below the higher of the maximum prices provided in sec-
10 tion 3 of Public Law Numbered 729, approved October 2,
11 1942, as amended, except that nothing in the foregoing
12 provisions shall be construed to prevent the selling of wheat
13 for feeding purposes if sold at not less than the parity price
14 of corn nor to prevent such adjustments in the price supports
15 and price ceilings on competitive oils and fats as may be
16 required to bring about or to maintain the necessary relation-
17 ship in the prices of such products that is required to assure
18 adequate production for the war effort. Agreements made by
19 the Commodity Credit Corporation prior to the enactment of
20 this Act shall not be affected by this section until sixty days
21 after the date of enactment of this Act.

22 SEC. 7. Such modifications shall be made in maximum
23 prices established under the Emergency Price Control Act
24 of 1942, approved January 30, 1942 (Public Law Numbered
25 421, Seventy-seventh Congress), and an Act to amend the

1 Emergency Price Control Act of 1942 to aid in preventing
2 inflation and for other purposes, approved October 2, 1942
3 (Public Law Numbered 729, Seventy-seventh Congress),
4 for any agricultural commodity and for commodities processed
5 or manufactured in whole or substantial part from any agri-
6 cultural commodity, as the War Food Administrator deter-
7 mines are necessary to secure an adequate production of such
8 commodity for war purposes.

9 SEC. 8. Full reimbursement shall be made to the Com-
10 modity Credit Corporation for services performed, losses sus-
11 tained, operating costs incurred, or commodities purchased or
12 delivered to or on behalf of the Lend-Lease Administration,
13 the Army or Navy, the Board of Economic Warfare, the
14 Reconstruction Finance Corporation, or any other Govern-
15 ment agency, from the appropriate funds of these agencies.

78TH CONGRESS
1ST Session

H. R. 2869

A BILL

To continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes.

By Mr. STEAGALL

JUNE 3, 1943

Referred to the Committee on Banking and Currency

OFFICE OF BUDGET AND FINANCE
Legislative Reports and Service Section

78th-1st, No. 102

DIGEST OF PROCEEDINGS OF CONGRESS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE
(Issued June 5, 1943, for actions of Friday, June 4, 1943)

(For staff of the Department only)

Contents

A.A.A.....9,12,16	Food administration...12	Property transfer.....8
Adjourned.....8,13	Food distribution2,12,20	Puerto Rico.....25
Appropriation.....4,8	Forests.....12	Rationing.....23,31
B.A.E.....12	Independent offices ap-	Research.....11,12
Banking and currency.26	propriation bill.....4	Selective service...17,27
Commodity Credit....1,9	Labor.....7,19	School lunch program...12
Consumer's Counsel...12	Land use.....14	Soil conservation.....12
Corn.....1	Loans, farm.....1,21,29	Subsidies.....1,18,22,24
Deficiency appropria-	Marketing.....12	Taxation.....28
tions.....8	Parity.....1	Tobacco.....16
Electrification...12,15	Personnel.....10	Transportation.....6,20
Farm Security.....29	Petroleum.....23,31	Treasury-Post Office
Fats and oils.....1,31	Post-war planning.....14	appropriation bill....8
Feed.....1	Price control...18,24,30	Wheat.....1
Flood control.....3	Priorities.....32	Women's Army Corps.....5

HOUSE

1. Commodity Credit. Banking and Currency Committee reported without amendment H. R. 2869, which increases CCC's borrowing power by \$500,000,000; continues it as a U. S. agency until June 30, 1945; authorizes the Federal Reserve banks to act as depositories, custodians, and fiscal agents for CCC; in order to prevent CCC and other funds from being used for subsidies, prohibits any maximum price below that necessary for producers to receive the support price announced by the Secretary or below the highest of the maximum prices described in the Economic Stabilization Act, except that this provision shall not prevent the selling of wheat for feed at not less than parity price of corn nor prevent adjustments in price supports and ceilings on fats and oils necessary to secure adequate production, and that CCC agreements in effect before enactment of this bill shall be affected for 60 days thereafter; authorizes the War Food Administrator to determine modifications in maximum prices for agricultural commodities and their products to the extent necessary to secure adequate production; requires CCC to make reimbursements for services performed, losses sustained, operating costs incurred, or commodities purchased or delivered to Lend-Lease, Army, Navy, BEW, RFC, etc.; changes the basis of annual appraisal of CCC's assets; and provides that 12 U. S. C. 375a (prohibiting loans to executive officers of certain banks) shall not apply to loans which CCC has agreed to guarantee or

secure (H. Rept. 525) (p. 5466). The committee did not include the recommended provision regarding GAO audit.

Passed without amendment H. J. Res. 133, to amend Public Law 18, 78th Cong., by increasing from 225,000,000 to 275,000,000 bushels the amount of wheat for feed that may be sold by the Commodity Credit Corporation at not less than the parity price for corn at the time that such sale is made, and providing that in making the regional adjustment in the sale price of wheat, the minimum price shall not be higher in any area than the U. S. average parity price of corn (p. 5476).

2. Food distribution. Rep. Patton, Tex., submitted a resolution from the Accounts Committee to make available \$100,000 to the Agriculture Committee for an investigation of distribution of farm products, authorized by H. Res. 38; but withdrew the resolution until Mon., because the Speaker and others believed the amount was excessive (pp. 5477-78).
3. Flood control. Rep. Kefauver, Tenn., urged construction of flood control dams on other sections of the country similar to the TVA dams to prevent farm and damage and ravaged towns (pp. 5481-83).
4. Independent offices appropriation bill. Reps. Woodrum, Fitzpatrick, Starnes, Hendricks, Wigglesworth, Dirksen, and Case were appointed conferees on this bill, H. R. 1762 (p. 5476). Senate conferees were appointed May 27.
5. Women's Army Corps. Conferees were appointed on S. 495, to place the Women's Army Auxiliary Corps in the Army of the U. S. (p. 5475). Senate conferees have not been appointed.
6. Transportation. Rep. Green, Fla., urged completion of the Fla. barge canal and inserted a Times-Herald editorial on this subject (p. 5479).
7. Labor. Passed with amendments S. 796, the anti-strike and plant seizure bill (pp. 5470-75, 5479-81). Senate conferees were appointed (p. 5464). House conferees have not been appointed.
8. Adjourned until Mon., June 7 (p. 5485). Majority Leader McCormack announced the following program: Mon., consent calendar; Tues., conference reports on H. R. 2714 (deficiency appropriation bill) and H. R. 1646 (Treasury-Post Office appropriation bill), followed by H. R. 2795, the property transfer bill (for provisions of this bill see Digest 96) (p. 5477).

SENATE

9. Commodity Credit. Banking and Currency Committee reported with amendments S. 110 to continue CCC as a U. S. agency (S. Rept. 286) (p. 5438). Sen. Bankhead, Ala., inserted J. B. Hutson's statement before Banking and Currency Committee June 4, concerning the bill (pp. 5438-39). Agriculture and Forestry Committee reported with amendment S. 1088, which (as introduced) amends the AAA Act of 1933 so as to prevent the sale of cotton held by or on behalf of the U. S. at less than 23-1/2¢ a pound, and to permit sale of any such cotton at 25¢ or more per pound without regard to provisions of present law which limits sales to not more than 300,000 bales of cotton in any calendar month or not more than 1,500,000 bales in a calendar year (S. Rept. 281) (p. 5438).

CONTINUING COMMODITY CREDIT CORPORATION AS AN AGENCY OF THE UNITED STATES

JUNE 4, 1943.—Committed to the Committee of the Whole House on the state of the Union and ordered to be printed

Mr. STEAGALL, from the Committee on Banking and Currency, submitted the following

REPORT

[To accompany H. R. 2869]

The Committee on Banking and Currency, to which was referred the bill (H. R. 2869) to continue the Commodity Credit Corporation as an agency of the United States, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

EXPLANATION BY SECTIONS

Section 1 provides for a revision in the basis of the annual appraisal of assets of the Commodity Credit Corporation by the Treasury. This revision is made as a matter of simplification. It seems more appropriate for the appraisal to be made on June 30 each year since that is the closing date of the fiscal year. The new basis for appraisal provided by this section is cost at the time of appraisal, or the average market values during the last month of the fiscal year, whichever is lower, rather than cost plus a year's carrying charges or the average market price for 12 months, whichever is the lower.

Section 2 provides an increase in the borrowing power of the Commodity Credit Corporation from \$2,650,000,000 to \$3,150,000,000. This increase is made necessary not by depletion of the assets of the Commodity Credit Corporation but rather by the expansion of the commitments of the Commodity Credit Corporation caused by its participation in the war program. This increase will not involve the appropriation of moneys out of the Treasury; it is only an authority for the Commodity Credit Corporation to borrow additional money to cover the increased commitments.

Section 3 extends the life of the Commodity Credit Corporation from June 30, 1943, to June 30, 1945.

Section 4 authorizes the Federal Reserve banks to act as depositaries, custodians, and fiscal agents for the Commodity Credit Corporation. At present the Reconstruction Finance Corporation acts as fiscal agent for the Corporation, and the Federal Reserve banks, in turn, are employed as fiscal agents and depositaries by the Reconstruction Finance Corporation. The proposed authorization would permit the direct use of the Federal Reserve banks by the Commodity Credit Corporation if that should become desirable.

Section 5 permits loans by member banks of the Federal Reserve System to executive officers of such banks when such loans are guaranteed by the Commodity Credit Corporation. A large part of the price support operations of the Commodity Credit Corporation is conducted by guaranteeing loans by banks on commodities the price of which is to be supported. The reasons for the prohibition contained in section 22g of the Federal Reserve Act do not exist in the case of such loans.

Section 6 is designed to prevent the payment of subsidies by the Commodity Credit Corporation. This section prohibits the establishment of maximum prices on agricultural commodities or commodities processed in whole or substantial part from agricultural commodities below the support price which the Commodity Credit Corporation is directed by law to maintain by loans. The remaining provision and the exceptions to the operation of this section are self-explanatory.

Section 7 places power in the War Food Administrator sufficient to enable him to control prices if used for the purpose of securing adequate production of agricultural commodities for war purposes. The Price Control Act has certain provisions regarding agricultural commodities, but it has been held by those administering the law that those provisions do not apply to processed or manufactured agricultural commodities. This amendment will make the Price Control Act clear and plain that provisions regarding agricultural commodities will apply to processed or manufactured commodities the same as the raw materials.

Section 8 is designed to place whatever losses and expenses may be incurred by the Commodity Credit Corporation on account of operations undertaken at the instance of the Lend-Lease Administration, the Army or Navy, the Board of Economic Warfare, the Reconstruction Finance Corporation, or any other Government agency, on the appropriate agency.

CHANGES IN EXISTING LAW

In compliance with paragraph 2a of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

First section, act approved March 8, 1938:

That as of the 31st of March in each year and as soon as possible thereafter, beginning with March 31, 1938, an appraisal of all the assets and liabilities of the Commodity Credit Corporation for the purpose of determining the net worth of the Commodity Credit Corporation shall be made by the Secretary of the Treasury. The value of assets shall, insofar as possible, be determined on the basis of the cost, [including not more than one year of carrying charges, of such assets to the Corporation, or the average market prices of such assets for a period of twelve

months ending with March 31 of each year, whichever is less] or insofar as practicable, the average market price of such assets during the last month of the fiscal year covered by the appraisal, whichever is the lower; and a report of any such appraisal shall be submitted to the President as soon as possible after it has been made. In the event that any such appraisal shall establish that the net worth of the Commodity Credit Corporation is less than \$100,000,000, the Secretary of the Treasury, on behalf of the United States, shall restore the amount of such capital impairment by a contribution to the Commodity Credit Corporation in the amount of such impairment. To enable the Secretary of the Treasury to make such payment to the Commodity Credit Corporation, there is hereby authorized to be appropriated annually, commencing with the fiscal year 1938, out of any money in the Treasury not otherwise appropriated, an amount equal to any capital impairment found to exist by virtue of any appraisal as provided herein.

Section 4, Act approved March 8, 1938:

SEC. 4. With the approval of the Secretary of the Treasury, the Commodity Credit Corporation is authorized to issue and have outstanding at any one time, bonds, notes, debentures, and other similar obligations in an aggregate amount not exceeding [\$2,650,000,000] \$3,150,000,000. Such obligations shall be in such forms and denominations, shall have such maturities, shall bear such rates of interest, shall be subject to such terms and conditions, and shall be issued in such manner and sold at such prices as may be prescribed by the Commodity Credit Corporation, with the approval of the Secretary of the Treasury. Such obligations shall be fully and unconditionally guaranteed both as to interest and principal by the United States, and such guaranty shall be expressed on the face thereof, and such obligations shall be lawful investments and may be accepted as security for all fiduciary, trust, and public funds the investment or deposit of which shall be under the authority or control of the United States or any officer or officers thereof. In the event that the Commodity Credit Corporation shall be unable to pay upon demand, when due, the principal of, or interest on, such obligations, the Secretary of the Treasury shall pay to the holder the amount thereof which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such obligations. The Secretary of the Treasury, in his discretion, is authorized to purchase any obligations of the Commodity Credit Corporation issued hereunder, and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act, as amended, are extended to include any purchases of the Commodity Credit Corporation's obligations hereunder. The Secretary of the Treasury may at any time sell any of the obligations of the Commodity Credit Corporation acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of the obligations of the Commodity Credit Corporation shall be treated as public-debt transactions of the United States. No such obligations shall be issued in excess of the assets of the Commodity Credit Corporation, including the assets to be obtained from the proceeds of such obligations, but a failure to comply with this provision shall not invalidate the obligations or the guaranty of the same. The Commodity Credit Corporation shall have power to purchase such obligations in the open market at any time and at any price.

First sentence of section 7, Act approved January 31, 1935:

SEC. 7. Notwithstanding any other provision of law, Commodity Credit Corporation, a corporation organized under the laws of the State of Delaware as an agency of the United States pursuant to the Executive Order of the President of October 16, 1933, shall continue, until the close of business on June 30, [1943] 1945, or such earlier date as may be fixed by the President by Executive Order, to be an agency of the United States.

Section 22 (g), Federal Reserve Act:

(g) No executive officer of any member bank shall borrow from or otherwise become indebted to any member bank of which he is an executive officer, and no member bank shall make any loan or extend credit in any other manner to any of its own executive officers: *Provided*, That loans made to any such officer prior to June 16, 1933, may be renewed or extended for periods expiring not more than five years from June 16, 1939, where the board of directors of the member bank shall have satisfied themselves that such extension or renewal is in the best interest of the bank, and that the officer indebted has made reasonable effort to reduce his obligation these findings to be evidenced by resolution of the board of directors spread upon the minute book of the bank: *Provided further*, That with the prior approval of a majority of the entire board of directors, any member bank may extend credit to any executive officer thereof, and such officer may become indebted thereto, in an amount not exceeding \$2,500. If any executive officer of any member bank borrow from or if he be or become indebted to any bank other than a member bank of which he is an executive officer, he shall make a written report to the board of directors of the member bank of which he is an executive officer, stating the date and amount of such loan or indebtedness, the security therefor, and the purpose for which the proceeds have been or are to be used. Borrowing by, or loaning to, a partnership in which one or more executive officers of a member bank are partners having either individually or together a majority interest in said partnership, shall be considered within the prohibition of this subsection. Nothing contained in this subsection shall prohibit any executive officer of a member bank from endorsing or guaranteeing for the protection of such bank any loan or other asset which shall have been previously acquired by such bank in good faith or from incurring any indebtedness to such bank for the purpose of protecting such bank against loss or giving financial assistance to it. The Board of Governors of the Federal Reserve System is authorized to define the term "executive officer", to determine what shall be deemed to be a borrowing, indebtedness, loan, or extension of credit, for the purposes of this subsection and to prescribe such rules and regulations as it may deem necessary to effectuate the provisions of this subsection in accordance with its purposes and to prevent evasions of such provisions. Any executive officer of a member bank accepting a loan or extension of credit which is in violation of the provisions of this subsection shall be subject to removal from office in the manner prescribed in section 30 of the Banking Act of 1933: *Provided*, That for each day that a loan or extension of credit made in violation of this subsection exists, it shall be deemed to be a continuation of such violation within the meaning of said section 30. *This section shall not apply to loans which the Commodity Credit Corporation has agreed to guarantee or secure.*

○

Union Calendar No. 186

78TH CONGRESS
1ST SESSION

H. R. 2869

[Report No. 525]

IN THE HOUSE OF REPRESENTATIVES

JUNE 3, 1943

Mr. STEAGALL introduced the following bill; which was referred to the Committee on Banking and Currency

JUNE 4, 1943

Committed to the Committee of the Whole House on the state of the Union
and ordered to be printed

A BILL

To continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 1 of the Act approved March 8, 1938 (52 Stat.
4 107), as amended, is hereby amended by deleting from the
5 first sentence thereof the term "31st of March" where that
6 term first appears therein and substituting in lieu thereof the
7 term "30th of June", and by deleting from the second sen-
8 tence thereof "on the basis of the cost, including not more
9 than one year of carrying charges, of such assets to the

1 Corporation, or the average market prices of such assets for
2 a period of twelve months ending with March 31 of each
3 year, whichever is less", and inserting in lieu thereof "on
4 the basis of the cost, or insofar as practicable, the average
5 market price of such assets during the last month of the
6 fiscal year covered by the appraisal, whichever is the lower".
7 Only one appraisal of the assets and liabilities of the Cor-
8 poration shall be made during the calendar year 1943 which
9 shall be on the basis established by this amendment.

10 SEC. 2. Section 4 of the Act approved March 8, 1938
11 (52 Stat. 108), as amended, is hereby amended by deleting
12 the term "\$2,650,000,000" and inserting in lieu thereof the
13 term "\$3,150,000,000;".

14 SEC. 3. The first sentence of section 7 of the Act ap-
15 proved January 31, 1935 (Public, Numbered 1, Seventy-
16 fourth Congress; 49 Stat. 4), is amended by striking out
17 "June 30, 1943" and inserting in lieu thereof "June 30,
18 1945".

19 SEC. 4. The Federal Reserve banks are hereby author-
20 ized to act as depositaries, custodians, and fiscal agents for
21 the Commodity Credit Corporation.

22 SEC. 5. Section 22 (g) of the Federal Reserve Act, as
23 amended (12 U. S. C. 375a), is hereby amended by adding
24 at the end thereof the following: "This section shall not

1 apply to loans which the Commodity Credit Corporation has
2 agreed to guarantee or secure”.

3 SEC. 6. In order to prevent the funds of the Commodity
4 Credit Corporation or any other Government agency from
5 being used for the payment of subsidies to maintain maximum
6 prices for agricultural commodities or for commodities
7 processed in whole or in substantial part from agricultural
8 commodities, no maximum price shall be established or main-
9 tained under any law for any such commodity below a price
10 which will reflect to the producers thereof, in the market
11 place the support price therefor announced by the Secretary,
12 or below the higher of the maximum prices provided in
13 section 3 of Public Law Numbered 729, approved October 2,
14 1942, as amended, except that nothing in the foregoing
15 provisions shall be construed to prevent the selling of wheat
16 for feeding purposes if sold at not less than the parity price
17 of corn nor to prevent such adjustments in the price supports
18 and price ceilings on competitive oils and fats as may be
19 required to bring about or to maintain the necessary relation-
20 ship in the prices of such products that is required to assure
21 adequate production for the war effort. Agreements made by
22 the Commodity Credit Corporation prior to the enactment of
23 this Act shall not be affected by this section until sixty days
24 after the date of enactment of this Act.

1 SEC. 7. Such modifications shall be made in maximum
2 prices established under the Emergency Price Control Act
3 of 1942, approved January 30, 1942 (Public Law Numbered
4 421, Seventy-seventh Congress), and an Act to amend the
5 Emergency Price Control Act of 1942 to aid in preventing
6 inflation and for other purposes, approved October 2, 1942
7 (Public Law Numbered 729, Seventy-seventh Congress),
8 for any agricultural commodity and for commodities processed
9 or manufactured in whole or substantial part from any agri-
10 cultural commodity, as the War Food Administrator deter-
11 mines are necessary to secure an adequate production of such
12 commodity for war purposes.

13 SEC. 8. Full reimbursement shall be made to the Com-
14 modity Credit Corporation for services performed, losses sus-
15 tained, operating costs incurred, or commodities purchased or
16 delivered to or on behalf of the Lend-Lease Administration,
17 the Army or Navy, the Board of Economic Warfare, the
18 Reconstruction Finance Corporation, or any other Govern-
19 ment agency, from the appropriate funds of these agencies.

78TH CONGRESS
1ST Session

H. R. 2869

[Report No. 525]

A BILL

To continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes.

By Mr. STEAGALL

JUNE 3, 1943

Referred to the Committee on Banking and Currency

JUNE 4, 1943

Committed to the Committee of the Whole House on the state of the Union and ordered to be printed

Calendar No. 289

78TH CONGRESS }
1st Session }

SENATE

{ REPORT
{ No. 286

CONTINUING COMMODITY CREDIT CORPORATION AS AN AGENCY OF THE UNITED STATES

JUNE 4 (legislative day, MAY 24), 1943.—Ordered to be printed

Mr. BANKHEAD, from the Committee on Banking and Currency,
submitted the following

REPORT

[To accompany S. 1108]

The Committee on Banking and Currency, to whom was referred the bill (S. 1108) to continue Commodity Credit Corporation as an agency of the United States, increase its credit resources, revise the basis of the annual appraisal of its assets, and provide for a commercial audit by the General Accounting Office of the financial transactions of the Corporation, and for other purposes, having considered the same, report favorably thereon and recommend that the bill do pass.

STATEMENT

Section 1 of the bill changes the date of the annual appraisal of the corporate assets, provided for by the act of March 8, 1938, as amended (52 Stat. 107), from March 31 to June 30, to coincide with the fiscal year, and changes the basis of the appraisal to cost, or the average market price during the last month of the fiscal year covered by the appraisal, whichever is lower.

Section 2 of the bill increases the borrowing power of the Corporation from \$2,650,000,000 to \$3,650,000,000—an increase of \$1,000,000,000. The increase in the limitation on the authority of the Corporation to borrow on the credit of the United States is considered necessary in order to make available to the Corporation, as needed, credit resources adequate for the Corporation's operations. The estimates submitted to the committee by the Corporation show that on June 30, 1943, all but \$465,250,000 of its total resources will be committed. Commitments during the fiscal year ending June 30, 1944, are estimated at \$2,059,165,000, most of which must be committed during the first 2 months of the fiscal year, prior to the harvesting season. About \$622,000,000 of the total amount needed for new commitments will be available from collections of sales proceeds and repayments of

1 than one year of carrying charges, of such assets to the
2 Corporation, or the average market prices of such assets for
3 a period of twelve months ending with March 31 of each year,
4 whichever is less,” and inserting in lieu thereof “on the basis
5 of the cost, or insofar as practicable, the average market price
6 of such assets during the last month of the fiscal year covered
7 by the appraisal, whichever is the lower.” Only one appraisal
8 of the assets and liabilities of the *Commodity Credit* Corpo-
9 ration shall be made during the calendar year 1943 which
10 shall be on the basis established by this amendment.

11 SEC. 2. Section 4 of the Act approved March 8, 1938
12 (52 Stat. 108), as amended, is hereby amended by deleting
13 the term “\$2,650,000,000” and inserting in lieu thereof the
14 term “\$3,650,000,000”.

15 SEC. 3. Section 7 of the Act approved January 31, 1935
16 (49 Stat. 4), as amended, is hereby amended by changing
17 the designation thereof to section 7 (a) and by deleting
18 from the first sentence thereof the term “June 30, 1943”
19 and by inserting in lieu thereof “June 30, 1947, or the end
20 of the second year following the first day of January im-
21 mediately following the date upon which the President by
22 proclamation or the Congress by concurrent resolution de-
23 clares that hostilities in the present war have terminated,
24 whichever is the later 1945”; and is further hereby amended
25 by striking out the period at the end of the section and insert-

1 ing in lieu thereof a comma and the following: “without
2 regard to provisions of any other existing law relating to
3 public funds: *Provided, however,* That the Corporation shall
4 at all times maintain complete and accurate books of account
5 and shall determine the procedures to be followed in the
6 transaction of the corporate business.

7 “ (b) The financial transactions of the Corporation begin-
8 ning with the period from July 1, 1943, shall be audited by
9 the General Accounting Office in accordance with the princi-
10 ples applicable to commercial corporate transactions and under
11 such rules and regulations as may be prescribed by the Comp-
12 troller General of the United States: *Provided,* That the
13 Corporation shall continue to have the authority to make
14 final and conclusive settlement and adjustment of any claims
15 by or against the Corporation or the accounts of its fiscal
16 officers: *Provided further,* That a report of such audit shall
17 be made to the Congress, together with such recommenda-
18 tions as the Comptroller General may deem advisable, and
19 that each such report shall cover a period of one fiscal year
20 and shall not be made until the Corporation and the Secretary
21 of Agriculture shall have had a reasonable opportunity, not to
22 exceed ninety days, to examine the report, point out errors
23 therein, explain or answer the same, and file a statement
24 which shall be submitted by the Comptroller General with
25 his report: *Provided further,* That a copy of each such report

1 shall be furnished the Secretary of the Treasury and that the
2 findings contained therein shall be considered by the Secre-
3 tary in appraising the assets and liabilities and determining
4 the net worth of the Corporation under sections 1 and 2 of the
5 Act of March 8, 1938 (52 Stat. 107), as amended: *Pro-*
6 *vided, however,* That nothing in this section shall be con-
7 strued as modifying legislation authorizing the use of funds
8 of the Corporation for administrative expenses and requiring
9 accountability therefor.

10 “(c) The expenses of the audit as provided in this section
11 may be paid up to and including June 30, 1945, from moneys
12 advanced therefor by the Corporation, or from any appro-
13 priation or appropriations for the General Accounting Office,
14 and appropriations so used shall be reimbursed promptly by
15 the Corporation as billed by the Comptroller General: *Pro-*
16 *vided,* That any such advances or reimbursements shall be
17 considered as nonadministrative expenses of the Corporation.
18 For the purpose of such audit the representatives of the Gen-
19 eral Accounting Office shall have access to all papers, books,
20 files, accounts, financial records, warehouses, and all other
21 things, property and places belonging to or under the control
22 of or used or employed by the Corporation and shall be
23 afforded full facilities for verifying transactions with and
24 balances in depositaries and with fiscal agents: *Provided fur-*
25 *ther,* That the certified financial reports and schedules of the

1 fiscal agents of the Corporation based on commercial audits
2 in the usual course of business may be accepted by the
3 General Accounting Office in its audit of the financial trans-
4 actions of the Corporation as final and not subject to further
5 audit verification.

6 “(d) Any examination of the corporate records shall
7 be made at the place or places where such records are
8 normally kept in the transaction of the corporate business,
9 and the Corporation shall retain custody of contracts, vouch-
10 ers, schedules, or other financial or accounting documents,
11 either original or duplicate, relating to its nonadministrative
12 transactions.”

13 SEC. 4. The Federal Reserve banks are hereby author-
14 ized to act as depositaries, custodians, and fiscal agents for
15 the Commodity Credit Corporation.

16 *SEC. 5. Whenever a maximum price or prices shall*
17 *have been established for any agricultural commodity or any*
18 *commodity processed or manufactured in whole or substan-*
19 *tial part from any agricultural commodity, including live-*
20 *stock, under authority of the Emergency Price Control Act*
21 *of 1942 or of the Act entitled “An Act to amend the Emer-*
22 *gency Price Control Act of 1942, to aid in preventing in-*
23 *flation, and for other purposes”, approved October 2, 1942,*
24 *no subsidy or other payments shall be made either directly*
25 *or indirectly to a producer, processor, manufacturer, or any*

1 other person engaged in the production, marketing, dis-
2 tribution, or handling of any such commodity for the pur-
3 pose of compensating any such producer, processor, manu-
4 facturer, or other person in whole or in part for any reduc-
5 tion or roll-back of maximum prices so established as may
6 have been or may hereafter be ordered, from any funds
7 heretofore or hereafter appropriated to the Commodity
8 Credit Corporation unless the Congress, by appropriation
9 or otherwise, shall have authorized the use of such funds
10 for such purpose. The definition of the term "person" in
11 section 302 (h) of the Emergency Price Control Act of
12 1942, shall apply to the term "person" as used herein.

[Report No. 286]

A BILL

To continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and to provide for an audit by the General Accounting Office of the financial transactions of the Corporation, and for other purposes.

By Mr. WAGNER

MAY 14 (legislative day, MAY 12), 1943

Read twice and referred to the Committee on
Banking and Currency

JUNE 4 (legislative day, MAY 24), 1943

Reported with amendments



United States
of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 78th CONGRESS, FIRST SESSION

Vol. 89

WASHINGTON, FRIDAY, JUNE 4, 1943

No. 102

Senate

(Legislative day of Monday, May 24, 1943)

The Senate met at 12 o'clock noon, on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

Our Father God, in a world so filled with terror and horror, leaving a ghastly harvest of broken bodies, ravaged lands, ruined temples, devastated towns, we thank Thee for all the gentle and healing ministries which soothe our fear-haunted, troubled souls. We are grateful for the gladness of the morning, the freedom of the wind, the music of the rain, the joy of the sunshine, the deep calm of the night; for trees, flowers, birds, clouds, and sky; for the tender ministries of human love, the unselfishness of parents, the confidence of little children, the patience of teachers, and the encouragement of friends.

If we have been holding the exploding present so close to our eyes that we have lost the far perspective of Thy favor, grant to us, we pray Thee, as we bow by this wayside shrine, true horizons. Remind us of the better aspects of the civilization out of which we have come, which even now, with new vitality, is beating back the powers of barbarism. Remind us of great books, great art, great music, and of causes, once defeated, now victorious, for which other generations shed their blood. Drawing refreshment from vineyards we did not plant, drinking at cisterns we did not dig, knowing the very freedoms for which we fight have been bought with a price, may we be eager in the supreme test of this glorious day to make our lives part payment on an unpayable debt. So may our imperfect service express something of Thee before life's little day ebbs out and the night comes down and our work is done. Amen.

THE JOURNAL

On request of Mr. HILL, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Thursday, June 3, 1943, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the

Senate by Mr. Miller, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Megill, one of its clerks, announced that the House had agreed to the amendment of the Senate to the bill (H. R. 1670) to amend section 2 of the Civilian Pilot Training Act of 1939, as amended.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the Vice President:

H. R. 1670. An act to amend section 2 of the Civilian Pilot Training Act of 1939, as amended;

H. R. 2570. An act to provide for the current payment of the individual income tax, and for other purposes;

H. R. 2848. An act amending the joint resolution making an appropriation to assist in providing a supply and distribution of farm labor for the calendar year 1943, approved April 29, 1943; and

H. J. Res. 111. Joint resolution to extend the authority of the President under section 350 of the Tariff Act of 1930, as amended.

EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following letters, which were referred as indicated:

LEAVE OF ABSENCE TO POSTMASTERS TO ENGAGE IN ESSENTIAL WAR ACTIVITY

A letter from the Postmaster General, transmitting a draft of proposed legislation to further amend the act of June 25, 1938, entitled "An act extending the classified civil service to include postmasters of the first, second, and third classes, and for other purposes" (with an accompanying paper); to the Committee on Post Offices and Post Roads.

DISPOSITION OF EXECUTIVE PAPERS

A letter from the Archivist of the United States, transmitting, pursuant to law, a list of papers and documents on the files of the Departments of the Treasury (2), War, Navy (2), and Commerce, The National Archives and National Housing Agency which are not needed in the conduct of business and have no permanent value or historical interest, and requesting action looking to their disposition (with accompanying papers); to a Joint Select Committee on the Disposition of Papers in the Executive Departments.

The VICE PRESIDENT appointed Mr. BARKLEY and Mr. BREWSTER members of the committee on the part of the Senate.

CALL OF THE ROLL

Mr. HILL. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Gillette	Overton
Andrews	Gurney	Pepper
Austin	Hatch	Radcliffe
Bailey	Hawkes	Reed
Ball	Hayden	Revercomb
Bankhead	Hill	Reynolds
Barbour	Holman	Russell
Bilbo	Johnson, Colo.	Scrugham
Bone	Kilgore	Shipstead
Brewster	La Follette	Smith
Bushfield	Langer	Siewart
Butler	Lodge	Thomas, Okla.
Byrd	Lucas	Thomas, Utah
Capper	McCarran	Tunnell
Caraway	McFarland	Tydings
Chandler	McKellar	Vandenberg
Chavez	McNary	Van Nuys
Clark, Idaho	Maloney	Wagner
Clark, Mo.	Maybank	Walsh
Connally	Mead	Wheeler
Danaher	Millikin	Wherry
Eastland	Moore	White
Ellender	Murray	Wiley
Ferguson	Nye	Willis
George	O'Daniel	Wilson
Gerry	O'Mahoney	

Mr. HILL. I announce that the Senator from Kentucky [Mr. BARKLEY], the Senator from Virginia [Mr. GLASS], and the Senator from West Virginia [Mr. KILGORE] are absent from the Senate because of illness.

The Senator from California [Mr. DOWNEY] is absent on official business for the Committee on Military Affairs.

The Senator from Missouri [Mr. TRUMAN] and the Senator from Washington [Mr. WALLGREN] are absent on official business for the Special Committee to Investigate the National Defense Program.

The Senator from Rhode Island [Mr. GREEN], the Senator from Pennsylvania [Mr. GUFFEY], the Senator from Utah [Mr. MURDOCK], and the Senator from Arkansas [Mr. McCLELLAN] are detained on important public business.

Mr. McNARY. The Senator from California [Mr. JOHNSON] is absent because of illness.

The Senator from New Hampshire [Mr. BRIDGES], the Senator from Illinois [Mr. BROOKS], the Senator from Delaware [Mr. BUCK], the Senator from Ohio [Mr. BURTON], the Senator from Pennsylvania [Mr. DAVIS], the Senator from New Jersey [Mr. HAWKES], the Senator from Wyoming [Mr. ROBERTSON], the Senator from Ohio [Mr. TAFT], and the Senator from Idaho [Mr. THOMAS], are necessarily absent.

The PRESIDING OFFICER (Mr. GILLETTE in the chair). Seventy-six Senators have answered to their names. A quorum is present.

PETITION

Mr. CAPPER presented a petition of sundry citizens of Walnut, Kans., praying for the enactment of Senate bill 860, relating to the sale of alcoholic liquors to the members of the land and naval forces of the United States, which was referred to the Committee on Military Affairs.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. THOMAS of Oklahoma, from the Committee on Agriculture and Forestry:

S. 1088. A bill to amend the Agricultural Adjustment Act of 1938, as amended, with respect to the sale of cotton held by or on behalf of the United States; with an amendment (Rept. No. 281).

By Mr. WILLIS, from the Committee on Public Lands and Surveys:

S. J. Res. 62. Joint resolution giving the consent of the Congress to an agreement between the State of Indiana and the Commonwealth of Kentucky establishing a boundary between said State and said Commonwealth; without amendment (Rept. No. 282).

By Mr. HATCH, from the Committee on Public Lands and Surveys:

S. 37. A bill to provide for the establishment of the George Washington Carver National Monument; with amendments (Rept. No. 283);

S. 321. A bill to facilitate and simplify collection procedure in the Department of the Interior; with an amendment (Rept. No. 284); and

S. 378. A bill to provide for the addition of certain land in the State of Arizona to the Montezuma Castle National Monument; without amendment (Rept. No. 285).

By Mr. BANKHEAD, from the Committee on Banking and Currency:

S. 1108. A bill to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and to provide for an audit by the General Accounting Office of the financial transactions of the Corporation, and for other purposes; with amendments (Rept. No. 286).

CONTINUATION OF COMMODITY CREDIT CORPORATION

Mr. BANKHEAD. Mr. President, in connection with the report on Senate bill 1108 which I have just filed, I wish to say that at the meeting of the committee this morning we did not have the advantage of the services of a stenographic reporter. Mr. J. B. Hutson, president of the Commodity Credit Corporation, presented a statement regarding the bill which I have just reported, and

included in the statement was a summary of the resources, investment, and requirements of the Commodity Credit Corporation for the fiscal years 1943 and 1944. The committee directed me to ask unanimous consent to have this statement printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF J. B. HUTSON, PRESIDENT, COMMODITY CREDIT CORPORATION, BEFORE BANKING AND CURRENCY COMMITTEE, JUNE 4, 1943, CONCERNING S. 1108

EXTENSION OF LIFE PROVISION

Mr. Davis in his statement mentioned that legislation is now on the books which requires the Corporation to make loans on the crops, up to the year 1946, on cotton, corn, wheat, rice, tobacco, and peanuts. Other legislation requires that we have price-support programs for the duration of the present emergency and for 2 years thereafter. The proposed legislation would provide for the extension of the life of the Corporation until 1947, or 2 years after hostilities have terminated, whichever is the later. Under past legislation the life of the Corporation has been extended for no more than 2 years at any one time; however, in view of the fact that many of the Corporation's programs, such as the domestic hemp program for instance, are undertaken because of the war and will undoubtedly be carried forward at least for the duration of the present conflict, and further in view of the fact that Congress has within the past year or two enacted legislation assuring farmers that loans will be available through Commodity Credit Corporation until at least the year 1946, it seems appropriate that the proposed legislation should provide for an extension of the life of the Corporation until the year 1947 or 2 years after hostilities have terminated, whichever is later.

GENERAL ACCOUNTING OFFICE

I should like also to point out another item which relates exclusively to the internal workings of the Corporation. At present the administrative expense payments of Commodity Credit Corporation are subject to audit by the General Accounting Office. However, our capital fund operations, those dealing with loans on and purchases of commodities; carrying charges such as warehousing, transportation, and interest payments; and other items directly associated with program operations are not audited by the General Accounting Office, although audited by the Staff of the Reconstruction Finance Corporation and the Treasury appraisal in connection with the annual valuation of assets.

Several months ago a committee was established, made up of representatives of the Department of Agriculture and the General Accounting Office, for the purpose of considering the relationships between the Corporation and the General Accounting Office. This committee has come forth with a recommendation that provides legislation authorizing and directing the audit of the financial transactions of the Corporation by the General Accounting Office in accordance with the principles applicable to commercial corporate transactions. This legislation is mutually acceptable to and supported by both the Commodity Credit Corporation and the General Accounting Office, and, in our judgment, it will provide the means by which our capital fund transactions may receive the review necessary to assure the satisfaction requisite to the expenditures of Federal moneys without requiring detailed audit and examina-

tion of each of the millions of documents handled by the Corporation.

Attached is a copy of a letter to Chairman STEAGALL, of the House Banking and Currency Committee, with respect to this provision:

COMPTROLLER GENERAL OF THE
UNITED STATES,
Washington, June 3, 1943.

HON. HENRY B. STEAGALL,
Chairman, Committee on Banking and
Currency, House of Representatives.

MY DEAR MR. CHAIRMAN: I learned this morning that the hearings on H. R. 2725, entitled "A bill to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and to provide for an audit by the General Accounting Office of the financial transactions of the Corporation, and for other purposes," had been concluded and the committee had ordered the bill to be reported with amendments and that the provisions of section 3 of the proposed bill having to do with the audit by the General Accounting Office of the financial transactions of the Corporation had been stricken out.

I have discussed the matter with Mr. J. B. Hutson, president of the Commodity Credit Corporation, and have been assured by him that both he and the Department of Agriculture are heartily in favor of this audit provision in the bill.

As a matter of fact, the audit provisions of this bill were drafted by representatives of this office, under my personal supervision, in cooperation with representatives of the Department of Agriculture and the Commodity Credit Corporation. This section of the bill has my full approval and in discussing the matter with Congressman WOLCOTT today I have so advised him.

I am convinced that the audit by this office of the fiscal transactions of the Commodity Credit Corporation will be in the best interests of the Government, and in this connection I may advise you that arrangements are already under way with the Federal Deposit Insurance Corporation and Reconstruction Finance Corporation looking to the proposing of legislation for the audit of their accounts and those of other comparable Government corporations which will follow the general plan or pattern of the provisions for the Commodity Credit Corporation.

I would have written you sooner, but I had been informed that representatives of the Department of Agriculture would advise the committee that the audit provisions in question had been agreed upon by them and by this office and I understood that we would be given an opportunity to be heard in case the committee was doubtful about any of such audit provisions in the bill.

Sincerely yours,

LINDSAY C. WARREN,
Comptroller General of the
United States.

STATEMENT RE CHANGE IN BASIS FOR APPRAISAL OF ASSETS OF COMMODITY CREDIT CORPORATION

The annual appraisal of the assets of Commodity Credit Corporation was first provided for in Public Law No. 442, Seventy-fifth Congress, which was approved March 8, 1938. This legislation provided that the "value of the assets shall, insofar as possible be determined on the basis of the market price at the time of the appraisal." It was provided that the annual appraisal should be as of March 31 of each year, with the thought in mind that this would allow sufficient time for the payment to be made by Commodity Credit Corporation or to be received from the Treasury before the close of the current fiscal year.

In Public Law 147, Seventy-seventh Congress, approved July 1, 1941, the language relative to the appraisal was changed to read "on the basis of cost, including not more than 1 year of carrying charges, of such assets to the Corporation or the average market prices of such assets for a period of 12 months ending with March 31 of each year, whichever is less." The appraisal on this basis is rather difficult to make since it involves computation of average price for the preceding year on a large number of commodities and it involves the calculation of the original cost to the Corporation of the commodities plus 1 year's carrying charges. While this information can be obtained from our records, it can be obtained only with a great amount of work.

It disturbed me somewhat that appraisal last year of our assets as of March 31 was not completed by the Treasury Department until some time in late August or early September. Under the proposed method the assets would be appraised at the lower of cost or market value during the preceding month. Under this method the appraisal can be determined much more readily from the books of the Corporation than is the case under the present method of appraisal. I believe that representatives of the Treasury Department informally brought to our attention that a saving in both the time required for and the cost of the appraisal could be made by having the basis of the appraisal changed slightly.

EXPLANATION OF STATEMENTS RELATING TO ADDITIONAL BORROWING POWER REQUIREMENTS OF COMMODITY CREDIT CORPORATION

This statement is a summary of the estimated position of the Corporation at June 30, 1943, and the estimated requirements for new commitments to be made during the fiscal year 1944. At June 30, 1943, we will have in use all but \$465,250,000 of our total resources, without providing for the 1943 wheat program. Loan and purchase operations scheduled for the 1944 fiscal year are estimated at \$2,059,165,000, leaving a difference of \$1,593,915,000. It is estimated that about \$620,000,000 will be available from collections of sales proceeds and repayment of loans before it is necessary to make all commitments for loans and purchases. It will be observed that commitments must be made prior to the harvesting season, during the months of July and August, and collections with respect to these commitments will not, of course, be realized until several months thereafter. Giving effect to the collections which will be made during July and August of this year, our total investment and obligation requirements will reach a peak in August 1943 of \$3,722,015,000. To meet these requirements the Corporation will need total resources of \$3,750,000,000, which will require an increase of \$1,000,000,000 in the authorized borrowing power. The total collections for the 12 months of the fiscal year 1944 are estimated at \$1,449,653,000, so that by the close of the fiscal year the total investment and obligations will be \$2,894,263,000. It will be noted that this is an increase of only \$609,512,000 over the investment and obligations at June 30, 1943. It is necessary, however, to have borrowing authority in excess of this net increase, since funds must be available when commitments are made. Without the increased borrowing authority the Corporation will not be in a financial position to make commitments with respect to crops harvested this season, and the absence of such programs would seriously hamper the food production program.

United States Department of Agriculture, Commodity Credit Corporation—Summary statement of resources, investment, and requirements for fiscal years 1943 and 1944

RESOURCES

Authorized borrowing power.	\$2, 650, 000, 000
Paid-in capital.	100, 000, 000
Total resources.	2, 750, 000, 000

INVESTMENTS AND OUTSTANDING OBLIGATIONS, JUNE 30, 1943

Commodities owned by Commodity Credit Corporation.	\$1, 145, 900, 000
Commodity loans held by Commodity Credit Corporation.	174, 500, 000
Loans held by banks.	242, 800, 000
Obligated for current commitments.	721, 550, 000
Total.	2, 284, 750, 000

Amount available for new commitments June 30, 1943.	465, 250, 000
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REQUIREMENTS FOR LOAN AND PURCHASE PROGRAMS DURING THE FISCAL YEAR 1944 (JULY 1, 1943-JUNE 30, 1944)

Corn.	\$50, 000, 000
Cotton.	250, 000, 000
Wheat.	400, 000, 000
Rice.	21, 000, 000
Tobacco.	115, 000, 000
Barley and rye.	22, 000, 000
Flaxseed.	34, 000, 000
Hemp.	40, 000, 000
Naval stores.	15, 000, 000
Miscellaneous agricultural supplies.	90, 415, 000
Oilseeds and products.	400, 000, 000
Foreign commodities.	492, 500, 000
Dry peas and beans.	50, 000, 000
Sugar beets.	24, 000, 000
Pecans.	5, 000, 000
American-Egyptian cotton planting seed.	250, 000
Loans to Agricultural Adjustment Agency.	50, 000, 000
Total.	2, 059, 165, 000

Total additional commitment requirements.	1, 593, 915, 000
Amount of requirements to be covered by collections.	621, 900, 000

Net amount of additional borrowing power required.	972, 015, 000
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BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

(Mr. WAGNER (by request) introduced Senate bill 1163, which was referred to the Committee on Banking and Currency and appears under a separate heading.)

By Mr. CHANDLER:

S. 1164. A bill for the relief of Lucille Sleet; to the Committee on Claims.

By Mr. SHIPSTEAD:

S. 1165. A bill to increase the period of limitation on actions against railroad carriers for recovery of overcharges from 2 to 4 years; to the Committee on Interstate Commerce.

PREPARATION OF CERTAIN LANDS FOR POST-WAR CONSTRUCTION IN TOWNS AND CITIES

Mr. WAGNER. Mr. President, I ask consent to introduce—by request—a bill for reference to the Committee on Banking and Currency and also request that an explanatory statement by me in connection therewith be printed in the RECORD.

The VICE PRESIDENT. Without objection, the bill will be received and referred as requested and the statement presented by the Senator from New York will be printed in the RECORD.

The bill (S. 1163) to encourage the development of good neighborhood conditions in towns and cities by private enterprise with the collaboration of

public enterprise; to provide credit for the assembly of land in deteriorated urban areas for subsequent reconveyance by sale or by lease for development and redevelopment by private enterprise and by public improvement; to encourage the widest possible extent of home ownership; to provide financial assistance to towns or cities, or appropriate instrumentalities thereof, for the purchase, assembly, and clearance of land in the interest of public safety, health, comfort, and welfare as a necessary preliminary to the development of good neighborhood conditions; to stimulate a great and continuing volume of economic activity and employment in the post-war period; to provide grants for metropolitan development plans, and for other purposes, introduced by Mr. WAGNER (by request) was read twice by its title and referred to the Committee on Banking and Currency.

The explanatory statement presented by Mr. WAGNER in connection with the bill is as follows:

I am introducing, at the request of the Urban Land Institute, a bill which deals with a vital problem closely related to legislation I have advocated in the past. This bill provides a method whereby the Federal Government can assist States and localities, in assembling large tracts of land as a necessary preparatory step toward the sale or lease of such land for development or redevelopment. This is primarily a private-enterprise bill, in the sense that it recognizes that most of the development and redevelopment will be by private enterprise. It recognizes, however, that some cooperative or supplementary public enterprise will be necessary to make the program comprehensive.

This is not a post-war bill. The problem with which it deals must be met forthrightly before the war is over, in order that industry and finance, as well as State and local governments, may be prepared and ready to act when the war is over.

Certain initial Federal expenditures are required to get this program started. But it is not a public-works bill, it is not a relief bill, and it is not primarily a bill for public spending. It might be called rather an encouragement-to-enterprise bill. It is designed in order that the Federal Government may make those types of expenditures which are an essential part of tremendous programs of private investment and private development. It is not a pump-priming bill, but rather an industry and Government cooperation bill.

This bill deals with problems facing not only those interested from all points of view in the development of real estate in established communities, large and small, but also those interested in large-scale financing and in investments which are going bad because of decay and blight. It is thus a problem close to municipalities and taxing units, large and small.

As I have said, I am introducing this bill by request. I do not believe that it is a perfect measure, but rather one which requires a great deal of additional and intensive study. The bill, I hope, will afford this opportunity for study and discussion throughout the country. It is likely that revisions will be suggested before enactment.

Before enactment also, it will be necessary to get the experience and views of Government agencies which have dealt with similar problems, particularly the National Housing Agency. This bill relates the proposed program to the program of the National Housing Agency because, while land has many uses, the major use of land in established communities is for residential purposes. The problems of the land cannot be separated from the problems of the people living on

the land. It is also true that the largest single opportunity for private industry expansion after the war is in the field of residential construction. Furthermore, the agencies of the Government which have the machinery for encouraging private-home financing are located within the National Housing Agency. Fortunately, in my judgment, the bill does not propose to establish still another governmental agency.

I have asked that the bill be referred to the Committee on Banking and Currency, because that committee has dealt with practically all measures directed toward the encouragement and stimulation of private industry in the field of home building, and also because consideration of the bill will involve problems of finance and credit, and quite likely banking and insurance, intimately related to the general work of the Banking and Currency Committee.

NOTICES OF MOTIONS TO SUSPEND THE RULE—AMENDMENTS TO AGRICULTURAL APPROPRIATIONS

Mr. RUSSELL submitted the following notice in writing:

In accordance with rule XL of the Standing Rules of the Senate, I hereby give notice in writing that it is my intention to move to suspend paragraph 4 of rule XVI for the purpose of proposing to the bill (H. R. 2481), making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1944, and for other purposes, the following amendments, namely:

Amendment No. 1: Page 18, line 10, after the word "Columbia", insert "including the salary of the Chief of Bureau at \$10,000 per annum,".

Amendment No. 2: Page 19, line 21, after the word "Administrator", insert ", including the salary of the Administrator at \$9,200 per annum,".

Amendment No. 3: Page 59, line 22, after the figure, insert ", of which not to exceed \$30,000 may be expended for the purchase of land adjacent to the present site of the Forest Products Laboratory, Madison, Wis."

Amendment No. 4: Page 61, line 16, under the caption "Forest Fire Cooperation", and following the words "District of Columbia", insert ": *Provided*, That the Secretary of Agriculture may authorize expenditures not to exceed \$2,300,000 from this appropriation for preventing and suppressing forest fires on critical areas of national importance without requiring an equal expenditure by the State and private owners."

Amendment No. 5: Page 65, after line 8, insert:

"WAR FOOD ADMINISTRATION

"Salaries and expenses: For expenses necessary to enable the War Food Administration to perform its functions, including those prescribed by Executive Orders 9280, 9322, 9328, and 9334, independently or in cooperation (by transfer of funds or otherwise) with public and private agencies and individuals, including not to exceed \$10,000 per annum for an Administrator; other personal services in the District of Columbia and elsewhere; not to exceed \$50,000 for the temporary employment of persons or organizations by contract or otherwise without regard to the Classification Act of 1923, as amended; printing and binding; the purchase of lawbooks, books of reference, periodicals, and newspapers; the purchase, operation, and maintenance (including two in the District of Columbia) of passenger-carrying vehicles; \$25,000,000: *Provided*, That transfers of funds to other offices or administrative units in the Department with respect to which transfers of funds are otherwise authorized in this act shall be in addition to, and subject to the same restrictions as, the amounts provided therefor in the Budget schedules.

Amendment No. 6: Page 70, line 11, after the words "this item", insert ": *Provided*

further, That such amount shall be available for the purchase of seeds, fertilizers, lime, trees, or any other farming materials, or any soil-terracing services, and making grants thereof to agricultural producers to aid them in carrying out farming practices approved by the Secretary in the 1943, 1944, and 1945 programs under said act of February 29, 1936, as amended; for the reimbursement of any Federal, State, or local government agency for fertilizers, seeds, lime, trees, or other farming materials, or any soil-terracing services, furnished by such agency; and for the payment of all expenses necessary in making such grants, including all or part of the costs incident to the delivery thereof."

Amendment No. 7: Page 70, line 11, after the words "this item", insert ": *Provided further*, That notwithstanding any other provision of law, persons who in 1943 carry out farming operations as tenants or sharecroppers on cropland owned by the United States Government and who comply with the terms and conditions of the 1943 agricultural conservation program, formulated pursuant to sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act, as amended, shall be entitled to apply for and receive payments, or to retain payments heretofore made, for their participation in said program to the same extent as other producers."

Amendment No. 8: Page 75, line 23, after the word "Service", insert "and for sale and distribution to other Government activities, the cost of such supplies and materials or the value of such equipment (including the cost of transportation and handling) to be reimbursed to appropriations current at the time additional supplies, materials, or equipment are procured from the appropriations chargeable with the cost or value of such supplies, materials, or equipment."

Amendment No. 9: Page 78, after line 12, insert—

"EXPORTATION AND DOMESTIC CONSUMPTION OF AGRICULTURAL COMMODITIES

"To enable the Secretary of Agriculture to further carry out the provisions of section 32, as amended, of the act entitled "An act to amend the Agricultural Adjustment Act, and for other purposes", approved August 24, 1935, and subject to all provisions of law relating to the expenditure of funds appropriated by such section, during the fiscal year ending June 30, 1944, funds appropriated by or for the purposes of section 32 of said act shall be available to the Secretary of Agriculture for the maintenance, expansion, and operation of a school milk and lunch program under clause (2) of said section 32: *Provided*, That such funds shall be available for such purposes during the fiscal year 1944 without regard to the requirement therein relating to the encouragement of domestic consumption."

Amendment No. 10: Page 78, after line 12, insert the following:

"CONSUMERS' COUNSEL DIVISION

"ADMINISTRATIVE EXPENSES

"Not to exceed \$150,000 of the unobligated balance of the appropriation made by section 12 (a), title I, of the Agricultural Adjustment Act, approved May 12, 1933, as amended (7 U. S. C. 612), shall be available during the fiscal year 1944 to enable the Secretary to further perform the duty imposed upon him under applicable laws to protect the interests of consumers with due regard to the maintenance of a continuous and stable supply of agricultural commodities adequate to meet consumer demand at prices fair to both producers and consumers, which sum shall be available for administrative expenses (including not to exceed \$31,800 for printing and binding) in accordance with the provisions of subsection (a) of the aforesaid section 392, but without regard to the limitations prescribed in subsection (b) thereof."

Amendment No. 11: Page 83, line 17, after the figure "\$378,140", insert ": *Provided*, That the Secretary may require reasonable bonds from every market agency and dealer, under such rules and regulations as he may prescribe, to secure the performance of their obligations, and whenever, after due notice and hearing, the Secretary finds any registrant is insolvent or has violated any provisions of said act he may issue an order suspending such registrant for a reasonable specified period. Such order of suspension shall take effect within not less than 5 days, unless suspended or modified or set aside by the Secretary or a court of competent jurisdiction."

Amendment No. 12: Page 85, after line 5, insert:

"Loans: For loans in accordance with sections 3, 4, and 5, and for the purchase of property and costs and expenses incurred in connection therewith in accordance with section 7 of the Rural Electrification Act of May 20, 1936, as amended (7 U. S. C. 901-914), \$30,000,000, which sum shall be borrowed from the Reconstruction Finance Corporation in accordance with the provisions of section 3 (a) of said act and shall be considered as made available thereunder, and the Reconstruction Finance Corporation is hereby authorized and directed to lend such sum in addition to the amounts heretofore authorized under said section 3 (a) and without regard to the limitation in respect of time contained in section 3 (e) of said act; and the amount of notes, bonds, debentures, and other such obligations which the Reconstruction Finance Corporation is authorized and empowered to issue and to have outstanding at any one time under existing law is hereby increased by an amount sufficient to carry out the provisions hereof."

Amendment No. 13: Page 88, line 16, after the words "Farm Credit Administration" and before the semicolon insert ": *Provided*, That the requirement (12 U. S. C. 952) that Federal land banks and joint stock land banks shall be examined at least twice each year is hereby modified so that such examinations need be made only once each year: *Provided further*, That the expenses and salaries of employees engaged in such examinations shall be assessed against the said corporations, banks, or institutions in accordance with the provisions of existing laws except that the amounts collected from the Federal land banks, joint stock land banks, and Federal intermediate credit banks pursuant to the act of July 17, 1916, as amended (12 U. S. C. 657) shall be covered into the Treasury and credited to a special fund, and the Administration shall estimate the cost to the Farm Credit Administration of the administrative supervision of the Federal land banks, the banks for cooperatives, the Federal intermediate credit banks, and the production credit corporations for the fiscal year 1944 and shall apportion the amount so determined among such banks and corporations on such equitable basis as said Administration shall determine, and shall assess and collect such amounts in advance from such banks and corporations and the amount so collected shall be covered into the Treasury and credited to said special fund, which fund is hereby made available to said Administration for expenditure for the purposes set forth in this appropriation: *Provided further*, That as soon as practicable after June 30, 1944, said Administration shall determine, on a fair and reasonable basis, (1) the cost of the examination services rendered during the fiscal year 1944 to each Federal land bank, joint stock land bank, and Federal intermediate credit bank and (2) the amount which fairly and equitably should be allocated to each Federal land bank, bank for cooperatives, Federal intermediate credit bank, and production credit corporation as the cost during the fiscal year 1944 of their administrative supervision, and if the sum

June
20

DIGEST OF PROCEEDINGS OF CONGRESS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE
(Issued June 11, 1943 for actions of Thursday, June 10, 1943)

(For staff of the Department only)

Contents

A. A. A.....22	Labor.....12	Priorities.....39
Agricultural appropria- tion bill.....1	Labor, farm.....27	Production.....14
Banking and currency...18	Labor standards.....37	Property transfers.....29
Commodity Credit.....7,22	Lands.....16	Rationing.....38
Crops.....14	Legislative-judiciary appropriation bill....8	Reconstruction Finance Corporation.....2
Deficiency appropriations6	Lend-lease appropriation bill.....10	Regional Agricultural Credit Corporation...1
Economy.....5	Loans, farm.....1	Selective service...17,24
Electric power.....18	Marketing agreements...30	Shrimp inspection.....31
Emergency fund.....7	Naval appropriation bill.13	Subsidies.....7,10
Farm Security.....22	O. P. A.....20	Sugar.....35
Food administration....22	Packers and stockyards.34	Taxation.....9,28
Food distribution.....33	Personnel.....4,5	Transportation.....21,19,21,32
Food processing.1,3,20,25	Petroleum.....21	Vocational rehabilitation11,23
Food production..14,20,26	Poultry industry.....14	War production.....14
Freight rates.....19	Price control.....7,25,36	Wheat.....10
Inventions.....4		

SENATE

1. Agricultural appropriation bill. Continued debate on this bill, H. R. 2481
(pp. 5723, 5733-77).

Rejected, 25-53, the Byrd amendment to appropriate \$12,000,000 for making and servicing "loans and rural rehabilitation" (through FCA), of which \$8,000,000 would be for farm and home management assistance (through Extension Service); authorize use of \$40,000,000 of RFC funds for such loans; and prohibit use of such funds for land purchases, collective-farming experiments, or individual loans over \$2,500 (pp. 5733-67).

Agreed to the following Committee amendments: Appropriating \$29,607,573 for rural-rehabilitation loans; by a 66-12 vote (p. 5767). Appropriating \$1,326,070 for salaries and expenses under farm-tenancy loans and providing for use of \$30,000,000 of RFC funds for such loans (p. 5768).

Debated the Committee amendment to strike out the provision which would prohibit administration of the Regional Agricultural Credit Corporations (Sen. Wherry, Nebr., criticized RACC, and Sen. Bone, Wash., defended the program) (pp. 5768-77).

Sen. Davis, Pa., discussed difficulties of the canning industry and inserted a letter from certain canners criticizing "the confusion, lack of direction, lack of authority, and impractical methods applied by various war agencies to the industry" (pp. 5744-46).

2. Reconstruction Finance Corporation. Received the RFC confidential report for March 1943. To Banking and Currency Committee. (p. 5722.)

3. Food processing. Sen. Wiley, Wis., discussed again the problems facing the canning industry, stating, "The situation is so critical that I trust some action will be taken by the appropriate arm of Government to the end that these factories may get the necessary labor" and included constituents' letters on the subject and a Washington Star editorial on Herbert Hoover's food program (pp. 5727-28).
4. Personnel; inventions. Received from Interior a proposed bill to provide equitable compensation for useful suggestions or inventions by personnel of the Interior Department. To Public Lands And Survey Committee. (p. 5722.)
5. Personnel; economy. Received from CSC, pursuant to S. Res. 84, a summary table of reports for April 1943 submitted by the various executive departments and agencies on transfers and reductions of personnel in the classified civil service, and a separate list of those agencies from which no reports, or from which only partial or incomplete reports were received. (p. 5722).
6. Deficiency appropriations. Agreed to the conference report on H. R. 2714, the urgent deficiency appropriation bill (p. 5729). Agreed to the House amendment (see Digest 104) to the Senate amendment restricting use of the President's emergency fund, but added FBI to the list of exceptions (p. 5729). Insisted, 69-0, on the Senate's deletion of the prohibition against employment of 3 individuals and appointed conferees for a further conference on the item.
7. Commodity Credit; subsidies. Sen. Bankhead, Ala., asked for recommitment of S. 1108 (to increase CCC's borrowing power, etc.), stating that more hearings should be held on the subsidies feature; but Sen. McNary, Oreg., objected, stating that "the request is made somewhat untimely" (p. 5733).

HOUSE

8. Legislative-judiciary appropriation bill. Reps. O'Neal, Hendricks, Gore, Kirwan, Johnson of Ind., Andersen, of Minn., and Ploeser were appointed conferees on this bill, H. R. 2409 (p. 5683). Senate conferees were appointed May 17.
9. Taxation; price control. Rep. Patman, Tex., urged increased taxation, stating that the U. S. "cannot control prices satisfactorily without freezing excess purchasing power" (p. 5686).
10. Lend-lease appropriation bill. Agreed to the conference report on this bill, H. R. 2753 (pp. 5713-14). The Senate has not yet received the conference report. The report restores the House provision that none of the funds appropriated in this bill shall be used for the payment of any subsidy on agricultural products, but limits the provision to products produced in the U. S.; and strikes out the Senate amendment increasing from 225,000,000 to 275,000,000 bushels the amount of wheat in governmental control that may be sold for feed purposes, in view of passage by both Houses of H. J. Res. 133, making the same provision.
11. Vocational rehabilitation. Passed with amendments H. R. 2536, to provide for the vocational rehabilitation of persons disabled in industry or otherwise and their return to civil employment (pp. 5686-91, 5694-5710).
12. Labor. Received conference report on S. 796, the anti-strike and plant seizure bill (pp. 5691-94).

and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. McKELLAR, Mr. GLASS, Mr. HAYDEN, Mr. TYDINGS, Mr. RUSSELL, Mr. NYE, and Mr. LODGE conferees on the part of the Senate.

AGRICULTURAL APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 2481) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1944, and for other purposes.

Mr. BYRD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BYRD. Is the amendment offered by the Senator from Virginia the pending business?

The PRESIDING OFFICER. That is correct.

EXTENSION OF COMMODITY CORPORATION—PROPOSED RECOMMITTAL OF BILL

Mr. BANKHEAD. Mr. President, out of order, I move that the Senate recommit Senate bill 1103, a bill to continue the Commodity Credit Corporation and to increase its borrowing power, to the Committee on Banking and Currency. I make the motion as the result of an agreement reached this morning in the committee, among the members of the committee, that I should move to have the bill recommitted for further consideration.

Mr. McNARY. Mr. President, I am inclined to favor the motion, if the Senator will specify why he desires to have the bill recommitted.

Mr. BANKHEAD. I made the motion, as I stated, at the request of the members of the committee. No hearings were held by the committee on the principal controversial feature of the bill. After the committee held hearings on the question of continuance of the corporation, the committee went into executive session to act on the bill. An amendment then was proposed on the subject of subsidies and roll-back payments; and, without dealing with the question of holding any further hearings, the committee proceeded by the very small vote of three to two to adopt an amendment to the bill.

After that action was taken, considerable desire was expressed to know more about the bill and to have some hearings held for the information of the members of the committee, at least about the controversial item in the bill. So we have held hearings for 2 days for that purpose; and this morning the Senator from Ohio [Mr. TAFT] thought—and other members of the committee including myself agreed with him, all the members of the committee being present—that probably the most helpful procedure would be to have the bill recommitted to the committee for further consideration and further hearings.

That is the reason why the motion is made. That is the only explanation I can make to the Senator.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. CLARK of Missouri. As a matter of fact, the purport of the bill, as reported from the committee, is to legalize certain practices as to subsidies which now are being put into effect without any authority of law whatever; are they not?

Mr. BANKHEAD. I should not say that; no. I do not think that statement is correct.

Mr. CLARK of Missouri. What is the correct statement?

Mr. BANKHEAD. I think there is authority of law.

Mr. CLARK of Missouri. Does the Senator think there is any authority of law for the subsidies now being paid by the Reconstruction Finance Corporation?

Mr. BANKHEAD. I rather think there is.

Mr. CLARK of Missouri. I disagree with the Senator.

Mr. BANKHEAD. That is one of the subjects which has been discussed in the committee.

Mr. CLARK of Missouri. Let me say to the Senator that, either on this bill or on any other bill, when it is reported again, if there is any effort to legalize the practices now being put into effect by Mr. Jones and the R. F. C., there will be a very prolonged and bitter fight on this floor before the bill is ever passed.

Mr. BANKHEAD. I do not think that is the purpose of the program at all. No one suggested it. The only question which really stands under serious criticism is that of whether the amendment limiting the appropriation goes far enough or whether it should be enlarged. That is the point.

Mr. CLARK of Missouri. Mr. President, if the Senator will permit me one further interruption, and then I shall not bother him any further—

Mr. BANKHEAD. Yes; I yield.

Mr. CLARK of Missouri. Let me say that it seems to me there is no question whatever that the matter of subsidies is being proceeded with now in a way entirely unauthorized by law, certainly not contemplated by the act authorizing the Reconstruction Finance Corporation, and, in my opinion, in plain violation of law. Any proposition to legalize what is now being done, even by way of limitation, might be construed as a legalization of it. I simply desire to say that I am in favor of the motion of the Senator from Alabama to recommit, but that any renewal of the proposition to legalize the practice now being followed by the R. F. C. will be met with bitter and prolonged opposition on this floor.

Mr. BANKHEAD. Of course, we need not deal with that subject until we reach it. I do not even know that it will be necessary for the Senate to take such action.

Mr. McNARY. Mr. President, the request is made somewhat untimely. I share the view of the Senator from Missouri. I object.

The PRESIDING OFFICER. The motion is not in order at this time.

Mr. McNARY. Of course, the motion is not in order until unanimous consent is obtained, and I object.

Mr. BANKHEAD. Very well.

AGRICULTURAL APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 2481) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1944, and for other purposes.

Mr. BYRD. Mr. President, the amendment offered by the Senator from Virginia is a substitute for the committee amendment beginning on page 89, line 15, and going down to page 93, line 4. It does not apply to the Jones-Bankhead farm tenancy program.

Mr. President, I am in hearty accord with the opinions expressed by the Senator from Oregon and the Senator from Georgia, that the consideration of the bill should be concluded today. I intend to make my remarks in support of the amendment I have offered as brief and concise as possible, and I shall ask that if there are any questions which any Senator desires to ask me, they be deferred until the conclusion of my initial statement.

Mr. BONE. Mr. President, will the Senator permit me to inquire simply about the scope of his substitute?

Mr. BYRD. Very well.

Mr. BONE. Does it cover everything from page 89 to the end of the committee amendment? I simply inquire in order to obtain the correct information.

Mr. BYRD. Down to line 4 on page 93.

Mr. BONE. It does not touch the text of the bill on page 93, under the term "farm tenancy"; does it?

Mr. BYRD. No; it does not. As the Senator will recall, the committee amendment, upon motion of the Senator from Ohio [Mr. TAFT], was divided yesterday.

Mr. President, the Farm Security Administration, with which the pending amendment deals, has never been authorized by Congress. It may be called a \$1,000,000,000 bureau of the Government because this is approximately the amount of its expenditures, loans, and grants since its creation.

This is exclusive of the farm tenant program.

Mr. President, I would not deny a single dollar to the small-income farmers, provided that the loans are based upon proper and sound considerations. The amendment proposed by me would utilize other agencies of the Government that are already organized and that are operating successfully to aid the farmers of small incomes at a great saving of administrative cost.

This amendment I will discuss in detail later.

My attention was first attracted to the Farm Security Administration in the investigation of nonessential Federal expenditures by the Joint Committee on Reduction of Nonessential Federal Expenditures, of which I have the honor to be chairman. This committee was directed by legislative enactment to make a full and complete study and investiga-

tion of all the expenditures of the Federal Government, with a view to recommending the elimination or reduction of all such expenditures deemed by the committee to be nonessential, and to report at the earliest practicable date to the President and to the Congress the results of its study, together with its recommendations. Last year an exhaustive investigation was made by the joint committee of the exact activities of the Farm Security Administration. I believe the hearings lasted for more than 10 days.

That report was signed without reservation by the chairman of the committee, the Senator from Virginia; the vice chairman, Mr. ROBERT L. DOUGHTON, who is chairman of the House Committee on Ways and Means; the senior Senator from Virginia [Mr. GLASS], chairman of the Senate Committee on Appropriations; the Senator from Georgia [Mr. GEORGE], chairman of the Committee on Finance; the Senator from Tennessee [Mr. McKELLAR], the ranking Democratic member of the Senate Appropriations Committee; Representative WOODRUM of Virginia, ranking Democratic member of the House Appropriations Committee; THOMAS H. CULLEN, ranking Democratic member of the House Ways and Means Committee; ALLEN T. TREADWAY, ranking Republican member of the House Ways and Means Committee; and JOHN TABER, ranking Republican member of the House Committee on Appropriations.

Mr. President, I wish to emphasize the fact that the Joint Committee on Reduction of Nonessential Federal Expenditures approves of any sound and proper plan to improve the condition of the low-income farmers; but for reasons which are given, this committee believed—and made a report accordingly—that such activities could be much better administered by the other established bureaus of the Department of Agriculture.

During the period from April 8, 1935, to December 31, 1941, the administrative cost of the Farm Security Administration was \$275,861,889, in order to spend or give away \$714,092,031. In other words, it cost \$1 to loan or give away \$3.

I wish to read to the Senate the breakdown of that administrative cost.

The Farm Security Administration personnel in that period cost the Government, in round figures, \$198,000,000; supplies and materials cost \$30,000,000; rental for equipment, buildings, and land cost \$9,000,000; communications cost \$2,356,000; traveling expenses, including subsistence during that period, cost \$28,769,000; printing and binding cost \$1,844,000; advertising, \$30,000; heat, light, power, water, and electricity, \$759,000; miscellaneous costs were \$2,447,000, making a total of \$275,000,000 in round figures. During that period loans and grants were made to the extent of \$714,000,000.

Mr. TOBEY. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. TOBEY. The figure \$28,000,000 for traveling expenses, which was cited by the Senator from Virginia, amazes the hearer. Has the Senator any breakdown of that figure?

Mr. BYRD. There is no break-down, except that it was for traveling expenses.

Mr. TOBEY. Was it for travel by motorcar or train, or both? How could it be possible for the agency to spend \$28,000,000 for traveling expenses in one fiscal year?

Mr. BYRD. It is not for one fiscal year. It is for the period April 8, 1935, to December 31, 1941. The traveling expenses for a single year, last year, were \$5,079,804.

Mr. TOBEY. Even that figure hits us in the face. It seems incongruous and an abnormality.

Mr. BYRD. The committee thought it was extremely excessive.

Of course, that includes what is called subsistence, which is part of the traveling expenses—in other words, hotel expenses and meals during the time the employees were traveling.

As of December 31, the Farm Security Administration had 15,960 employees, with an annual pay roll of about \$30,000,000. The traveling expenses for this fiscal year will be \$5,079,804. In addition, \$230,650 was spent for communications—telephone services and telegrams.

This organization maintains 47 State offices, 275 district offices, and 2,315 county offices, making a total of 2,637 offices. It operates these separate and distinct offices side by side with other agencies who are doing more or less similar work.

I now wish to discuss the resettlement projects. I know that they were begun under Mr. Tugwell. They were the Tugwellian experiments, the most costly experiments that have ever been conducted in this country, based upon the Russian form of communism. They were started by Mr. Tugwell, and the same theories which were then advocated by Mr. Tugwell have to a large extent permeated the Farm Security Administration in its other activities.

Those resettlement projects cost originally \$137,502,000. In addition, large sums were spent for development. Of course, I understand that those projects have proved to be so impracticable and so impossible of operation that the Resettlement Administration has abandoned them, but on the other hand, the Administration is attempting to operate a system of cooperative farms which is a program somewhat along the same line.

Mr. EASTLAND. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. McFARLAND in the chair). Does the Senator from Virginia yield to the Senator from Mississippi?

Mr. BYRD. I yield.

Mr. EASTLAND. Can the Senator tell me whether or not a single one of those communal farms has ever been liquidated?

Mr. BYRD. I could not say that definitely, Mr. President. I think that practically none of the resettlement projects has been completely liquidated, except to the extent of being transferred, as I shall explain in a few moments, to some other agency of the Government. So far as I know, the cooperative farms have not been liquidated.

Mr. President, I wish to make some reference to the so-called liquidation of

these projects. Take the Arthurdale homesteads, a pet project of the wife of the President of the United States. Let us see what has happened in that case. The Arthurdale homesteads cost exactly \$2,744,724. They have been partially liquidated, to the extent of \$175,000, but my information is that the Government has secured nearly all the cash it will get out of them. So far as the records which I have been able to obtain are concerned, they show that only \$175,000 has been collected by the Government from this costly experiment which was proposed and sponsored by the wife of the President of the United States.

Let us take some of the other projects to show the method of liquidation which we are told is now going forward. As of June 30, 1942—and that is the latest figure I have been able to obtain—projects with a total capital investment, in round figures—and I shall use round figures to save time—of \$42,000,000 have been sold for \$11,000,000. Some of them have not been wholly sold. Practically none of these projects has been completely liquidated.

Sixty projects of a value of \$65,860,000 have been transferred to the Federal Public Housing Authority. What they call liquidation is actually the transferring of these projects to some other agency of the Government where they will be administered at great cost, and will still add to the deficit which has occurred with respect to these projects.

Let us consider a few of the projects listed here:

In Alabama there are the Gees Bend farms. They cost \$408,264. So far they have been practically liquidated. They have been sold with receipts of about \$128,000.

Take the Skyline farms, in Alabama, on which an investment was made of \$1,260,000—

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. LUCAS. To what year is the Senator referring?

Mr. BYRD. This is a report up to—

Mr. LUCAS. When was the Skyline farms project initiated?

Mr. BYRD. I do not have that date. I imagine that most of these projects were initiated in 1934, 1935, and 1936—at about that period.

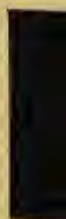
Mr. LUCAS. This is the thing we have been hearing about for the last 4 or 5 or 6 years.

Mr. BYRD. The same thing.

Mr. LUCAS. In connection with the early experiments which the Government conducted along that line.

Mr. BYRD. Yes, and they are continuing somewhat the same experiments under a different name, called cooperative farms, which are practically the same as the original resettlement projects. I wish to point out how costly and impractical the experiments have been, and what little value there is left in these projects by reason of the inefficient management which was given to the projects by the Resettlement Administration which was the predecessor of the Farm Security Administration.

June
21.





June 11, 1943

7. Labor. Agreed, 219-130, to the conference report on S. 796, the anti-strike and plant-seizure bill (pp. 5780-88). Rejected, 81-155, a motion to recommit the conference report (p. 5787). The Senate received the conference report on this bill, and several Senators discussed it (pp. 5828-34).
8. Property requisition. Both Houses received the President's report of operations, from Oct. 16, 1942 to April 15, 1943, under Public Law 274, 77th Cong., the Property Requisition Act (H. Doc. 235) (pp. 5788, 5799).
9. Price control; dairy industry. Rep. Green, Fla., criticized "the seriousness of ...the milk producers' situation," urged an "adequate increase in producers' ceiling prices," and inserted his correspondence with OPA officials and the Director of Economic Stabilization on this subject (pp. 5794-96).
10. Commodity Credit. Rep. Wright, Pa., submitted minority views of the Banking and Currency Committee on H. R. 2869, which increases the borrowing power of CCC, continues it as a U. S. agency, etc. (H. Rept. 525, pt. 2) (p. 5798).
11. Personnel. Judiciary Committee reported without amendment F. R. 1206, to amend the act to dispense with unnecessary renewals of oaths of office by civilian employees of the executive branch (H. Rept. 538) (p. 5798).
12. Property transfers. Received from the President (June 9) a supplemental appropriation estimate of \$4,500,000 for Procurement Division expenses in connection with transportation, handling, warehousing, safeguarding, rehabilitating, and transferring to Government agencies, and otherwise disposing of supplies and equipment. To Appropriations Committee. (H. Doc. 231.)

BILLS INTRODUCED

13. Food distribution. By Rep. Fulmer, S. C., H. Res. 258, providing funds for the agricultural-commodities marketing investigation authorized by H. Res. 38. To Accounts Committee. (p. 5798.)
13. Flood control. By Rep. Schwabe, Mo., H. R. 2927, providing for a preliminary examination and survey of Osage River and tributaries, Mo. and Kans. with a view to the control of their floods. To Flood Control Committee. (p. 5798.)

ITEMS IN APPENDIX

15. Forests. Extension of remarks of Rep. Coffee, Wash., including a letter from Col. W. B. Greeley, formerly Chief Forester of the U. S. and now Secretary-Manager of the West Coast Lumbermen's Association, commending "action of the Senate Committee on Agriculture and Forestry in recommending \$6,300,000 for cooperation by the Federal Government with the States and private forest owners for forest fire prevention and suppression" (p. A3144).
16. Food administration. Rep. Woodruff, Mich., inserted a N. Y. Daily News editorial criticizing the "prospect" of the food situation resulting from "the scarcity of farm machinery...; bad planting weather this spring; the gasoline shortage; the over-drafting of labor off the farms...; the war plant wages...; and the fact that nine separate Government agencies are now working at cross purposes to try to raise food production" (pp. A3144-45).
Extension of remarks of Rep. Murray, Wis., criticizing the administration of the food program, stating, "It is regrettable that no one in the high

places has ever had any practical experience in food production nor any training for food production" and, "If the butter roll-back results in reduced milk production ... great harm will be done to the war dairy program" (pp. A3156-57).

17. Livestock; poultry; feed. Rep. Holmes, Mass., inserted an article, "Feed Situation," by J. A. McConnell, of the Feed Industry Council and Northeastern Farm Bureau Conference, criticizing the feed situation and stating, "The formation of a workable food policy and its management is the biggest war job the country now faces" (pp. A3167-68).
18. Dairy industry. Rep. Phillips, Calif., inserted a Pacific Dairy Review editorial criticizing "bureaucratic controls" and "the encroachment of the executive branch upon the liberties of the people" and stating, "There is no branch of agriculture more controlled than the dairy industry" (p. A3172).
19. Bureaucracy. Extension of remarks of Rep. Kefauver, Tenn., stating that "the growing breach between Congress and the executive departments is an alarming condition" and inserting the address of W. C. Fitts, Jr., stating, "If this Government is to succeed in meeting the conditions that will shortly confront us, ... a spirit of mutual confidence and respect is essential" (pp. A3153-55).
20. Rationing; gasoline. Extension of remarks of Rep. Springer, Ind., stating, "It is my hope that ... great food-producing States may not be limited in the necessary supply of gasoline, because we do not want the production of food to be diminished" (p. A3160).
21. Food production. Extension of remarks of Rep. Gross, Pa., on food conditions stating, "One of the greatest contributing factors to our food-shortage threat is the confusion created by the Government agencies and bureaucrats who are trying to work out the details in every line of business as well as agriculture" (pp. A3160-61).
22. Vocational rehabilitation. Speech in the House by Rep. Robsion, Ky., favoring H. R. 2536, to amend the act providing for the vocational rehabilitation of persons disabled in industry or otherwise, and their return to civil employment (pp. A3170-71).

ITEMS IN FEDERAL REGISTER June 11, 1943

23. Price control. OPA's orders on permitted increases for wholesalers and retailers of certain foods (p. 7821), beef, veal, lamb, and mutton cuts (p. 7827), dressed hogs and pork cuts (p. 7828), paper, paper products and wastepaper (p. 7821), mechanical rubber goods (p. 7818), tea bags and packaged tea (p. 7825), and textiles (p. 7822).
23. Food distribution. FDO 40, Am. 3., on restrictions of storage and sale of shell eggs (p. 7803).
24. Priorities. WPB's orders for strategic material imports (p. 7815), operation of priorities system for farm supplies (pp. 7814-16), and a suppliers' inventory limitation order (pp. 7816-17).
25. Rationing. OPA's order for coffee (p. 7825).

CONTINUING COMMODITY CREDIT CORPORATION AS AN AGENCY OF THE UNITED STATES

JUNE 11, 1943.—Committed to the Committee of the Whole House on the state
of the Union and ordered to be printed

Mr. WRIGHT, from the Committee on Banking and Currency,
submitted the following

MINORITY VIEWS

[To accompany H. R. 2869]

The undersigned members of the Committee on Banking and Currency object to the sweeping language contained in section 6 of the committee bill. This section reads as follows:

SEC. 6. In order to prevent the funds of the Commodity Credit Corporation or any other Government agency from being used for the payment of subsidies to maintain maximum prices for agricultural commodities or for commodities processed in whole or in substantial part from agricultural commodities, no maximum price shall be established or maintained under any law for any such commodity below a price which will reflect to the producers thereof, in the market place the support price therefor announced by the Secretary, or below the higher of the maximum prices provided in section 3 of Public Law Numbered 729, approved October 2, 1942, as amended, except that nothing in the foregoing provisions shall be construed to prevent the selling of wheat for feeding purposes if sold at no less than the parity price of corn nor to prevent such adjustments in the price supports and price ceilings on competitive oils and fats as may be required to bring about or to maintain the necessary relationship in the prices of such products that is required to assure adequate production for the war effort. Agreements made by the Commodity Credit Corporation prior to the enactment of this Act shall not be affected by this section until sixty days after the date of enactment of this Act.

It is easily seen that this section would prevent the payment of subsidies either to producers or to processors of agricultural commodities. Furthermore this prohibition is not confined to the use of the funds authorized in the present bill. Neither is it confined to the payment by the Commodity Credit Corporation of subsidies for agricultural commodities and commodities processed therefrom.

The prohibition contained in section 6 against the payment of subsidies is general and all inclusive. It would apply not merely to the funds of the Commodity Credit Corporation but to any Federal funds

and would prevent subsidies being paid at any time or under any circumstances to producers or processors of agricultural commodities. Thus it would prohibit the use of funds of the Reconstruction Finance Corporation for the payment of subsidies in the program announced by the President of rolling back for the benefit of the ultimate consumer of the retail prices of various articles of food.

This result, that is a general prohibition of subsidies, would be attained by the provision in this section that

no maximum price shall be established or maintained under any law for any such commodity below a price which will reflect to the producers thereof, in the market place the support price therefor announced by the Secretary.

The general character of the prohibition is likewise shown by the statement in the beginning of paragraph 6 to the effect that this section was written in the bill

in order to prevent the funds of the Commodity Credit Corporation, or any other Government agency, from being used for the payment of subsidies

The objection to this sweeping and all-inclusive language on the part of the undersigned members of the committee does not in any way indicate their approval of the general use of subsidies as a weapon for the control of inflation. On the contrary, the said members are of the opinion that the method of subsidies should be utilized only where it is substantially impossible to achieve without it a reasonable retail price of necessary food to the ultimate consumer and at the same time to guarantee to those who have produced and processed these foods a fair return for their labor or investment.

They do, however, point out the danger of completely tying the hands of executive agencies and corporations by a sweeping prohibition against subsidies. Subsidies may be at times the only practical method to achieve maximum production of food on the one hand and on the other to maintain to the consumer a supply of food at a price which is reasonable and consistent with his income. Likewise, the increase in retail food prices which would result in passing on to the ultimate consumer the increased cost of production and processing of these foods might well unsettle the stabilization program which is so important to our economy and result in demands for increases in wages and salaries, which would constitute a fresh and perhaps irresistible assault against the already beleaguered battle line against inflation.

The undersigned members of this committee are therefore of the opinion that this section (sec. 6) should be deleted from the bill.

JAMES A. WRIGHT.
JOHN H. FOLGER.
THOMAS F. FORD.
WILLIAM B. BARRY.
LA VERN R. DILWEG.

DIGEST OF PROCEEDINGS OF CONGRESS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE
(Issued June 16, 1943, for actions of Tuesday, June 15, 1943)

(For staff of the Department only)

Contents

A. A. A.....	45, 49	Information.....	11	Price control.....	1, 2, 37, 44, 51
Adjourned.....	17	Insecticide Act.....	15	Priorities.....	1, 45
Alien-employment.....	22	Interior appropriation		Property disposition.....	31
Appropriations.....		bill.....	4	Property requisition.....	30, 46
.....	1, 4, 20, 22, 24, 25, 40	Labor, farm.....	19	Rationing.....	1, 41
Banking and currency.....	35	Labor-Federal Security		Reclamation.....	36
Civilian defense.....	32	appropriation bill.....	24	Regulatory functions.....	47
Claims.....	10	Lands, public.....	8	Research.....	7
Commodity Credit.....	9, 39	Latin-America.....	1	Rubber.....	5
Corn.....	25, 39	Lend-lease appropriations.....	40	Silver Purchase Act.....	25
Cotton.....	45	Livestock.....	2	Small business.....	1
Dairy industry.....	1, 45, 50, 51	Loans, farm.....	12	State, Justice and	
Electrification.....	16	Machinery, farm.....	40	Commerce appn. bill.....	1
Employment.....	3	Meat packers.....	1	Subsidies.....	2, 25, 37, 40
Feed.....	39	Minerals.....	27	Taxation.....	8, 23, 28
Flag.....	14, 33	National Resources Plann-		Transportation.....	22, 26, 29, 50
Flood control.....	34, 36	ing Board.....	22	Treasury-Post Office	
Food administration.....	13, 25	Oleomargarine.....	1	appropriation bil.....	25
Food distribution.....		Parity.....	39	Urgent deficiency	
.....	13, 21, 43, 50	Peanuts.....	49	appropriation bill.....	20
Food production.....	38, 44	Penalty mail.....	25	War relocation.....	19
Frauds.....	10	Personnel.....	22	Wheat.....	39
Independent offices		Post-war planning.....	3	Wool.....	22, 43
appropriation bill.....	22	Potatoes.....	13, 43, 50	Work relief.....	6
Inflation.....	25				

SENATE

1. State, Justice, and Commerce appropriation bill. Passed as reported this bill, H. R. 2397 (pp. 5931-35, 5938-43).

Agreed to the committee amendment striking out the prohibition against use of Bureau of Foreign and Domestic Commerce appropriations for studies relating to dairy products or for promotional activities in connection with oleomargarine and other butter substitutes (p. 5934). The committee report stated that this provision was directed against types of studies which the Bureau does not plan to continue, and that it might interfere with studies about which there would be no disagreement.

The bill includes appropriations for contributions, etc., for Pan American Union, Pan American Sanitary Bureau, Inter-American Trade-Mark Bureau, International Council of Scientific Unions, Inter-American Coffee Board, Inter-American Statistical Institute; Rio Grande flood-control project; Waterways Treaty, U. S. and Britain; Latin American cooperation (\$4,500,000), including establishment and operation of agricultural and other experiment and demonstration stations, and authorizing transfer of funds from this item to other Government departments; antitrust-laws enforcement; Lands Division; Export-Import Bank; R. F. C.; Census Bureau; Bureau of Foreign and Domestic Commerce; Bureau of Standards, including provisions for cooperation with other U. S. agencies; and Weather Bureau.

Sen. Murray, Mont. (for the Small Business Committee) proposed an amendment to prohibit use of these appropriations for enforcement of any maximum price, priority, rationing, etc., which does not (1) afford necessary margins for processors and dealers, (2) provide for distribution through usual trade channels, or (3) provide for Government consultation with affected industries; the amendment was ruled out of order; and Sen. Murray spoke in favor of such a provision, inserting a news item, "Four Meat Packers Decide Quit Over Price Rulings" (pp. 5941-42).

Sens. McCarran, McKellar, Russell, Bankhead, Connally, Lodge, and White were appointed Senate conferees (p. 5943).

2. Price control; subsidies. Received from J. W. Livingston, Director, U.A.W.; C.I.O. a petition favoring O.P.A.'s roll-back program (p. 5930).

Several Senators discussed the effect of OPA's roll-back program on the cattle market (pp. 5943-52). Sen. O'Mahoney, Okla., stated that the difficulty is due to the fact that "retail reduction is immediately effective whereas the subsidy is not immediately effective" (p. 5949). Sen. Robertson, Wyo., stated, "I feel that the trouble today is not with the producers, but with the method of distribution, the mismanagement and mishandling, and the use of executive directives and press-release instructions by this administration" (p. 5952).

3. Post-war planning; employment. At the request of Sen. Maloney, Conn., Carl A. Gray's post-war plan to provide employment for veterans was ordered printed as S. Doc. 65 (p. 5930).

4. Interior appropriation bill. Appropriations Committee was authorized to report this bill, H. R. 2714, during recess (p. 5943).

5. Rubber. Sen. Nye, W. Dak., inserted a Fargo Forum article, "Muddleheadedness or Worse - Some 50,000 Tires Stored in Fargo Warehouses but Farmers' Certificates Have to Be Unfilled" (pp. 5952-53).

6. Work relief. Passed without amendment H. J. Res. 128, to authorize appropriation of \$8,000,000 for work relief in Puerto Rico and the Virgin Islands (p. 5957). This measure will now be sent to the President.

7. Research. Passed as reported S. 37, to provide for establishment of a George Washington Carver Monument (p. 5960).

8. Taxation; public lands. At the request of Sen. George, Ga., passed over S. 249, providing for State taxation of Federal lands (p. 5956).

9. Commodity Credit. At the request of several Senators, passed over S. 1108, to increase CCC's borrowing power, etc. (p. 5960).

10. Claims; frauds. After discussion, passed over H. R. 1203, to eliminate private suits for penalties and damages arising out of frauds against the U. S., at the request of Sen. McNary, Oreg. (pp. 5961-62).

11. Information. Sen. Bridges, N. H., criticized OWI's operations (p. 5953).

12. Farm credit. Passed without amendment H. R. 2427, to continue until July 1, 1944 the authority of the Federal Farm Mortgage Corporation to make Land Bank Commissioner loans. (p. 5967). This bill will now be sent to the President.

Small Business was announced as next in order.

Mr. WHITE. Over.

The PRESIDING OFFICER. The bill will be passed over.

DR. J. W. GOIN

The Senate proceeded to consider the bill (S. 824) for the relief of Dr. J. W. Goin, which had been reported from the Committee on Claims with an amendment, on page 1, line 6, after the words "sum of" to strike out "\$4,000" and insert "\$3,005", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Dr. J. W. Goin, of Albany, Oreg., the sum of \$3,005, in full satisfaction of his claim against the United States for loss of and damage to certain livestock as the result of eating borax which had been placed by employees of the Bonneville Power Administration, as a weed deterrent, around transmission-line poles on property owned by the said Dr. J. W. Goin on or about June 24, 1941: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

W. G. CORNELL CO.

The bill (S. 694) for the relief of W. G. Cornell Co. was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the W. G. Cornell Co., of Washington, D. C., the sum of \$840.65, in full satisfaction of its claim against the United States for the amount of the manufacturer's excise tax included in the cost of certain gas ranges purchased by the said company for installation in the Highland Defense Dwellings project of the Alley Dwelling Authority for the District of Columbia, a refund of such excise tax having been denied on the ground that such stoves were not sold directly to the United States by the manufacturer thereof: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

BURTON S. RADFORD

The Senate proceeded to consider the bill (S. 1087) for the relief of Burton S. Radford, which had been reported from the Committee on Claims with an amendment, to add a proviso at the end of the bill, so as to make the bill read:

Be it enacted, etc., That the Reconstruction Finance Corporation is hereby authorized, notwithstanding any provisions of law

prohibiting or restricting the payment of compensation to aliens, to pay Burton S. Radford, formerly an employee of the Corporation, in accordance with the terms of his employment, for services rendered by him during the period from October 16, 1942, to October 28, 1942, inclusive, such payment to be made from any funds available to the Corporation for payment of administrative expenses; and that Burton S. Radford shall not be required by the disbursing officer of the Corporation to refund any moneys heretofore paid to him for services rendered to the Corporation which, under the provisions of section 3 of the Independent Offices Appropriation Act, 1943, approved June 27, 1942, he otherwise might be required to refund: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

DR. AND MRS. RICHARD STEVER

The bill (H. R. 1278) for the relief of Dr. and Mrs. Richard Stever was considered, ordered to a third reading, read the third time, and passed.

ANGELINE ARBUCKLE

The Senate proceeded to consider the bill (S. 626) for the relief of Angeline Arbuckle, which had been reported from the Committee on Claims with an amendment, on page 1, line 5, after the words "sum of", to strike out "\$4,080.45" and insert "\$2,500", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Angeline Arbuckle, the sum of \$2,500, in full settlement of her claim against the United States for compensation for personal injuries sustained by her when the automobile in which she was riding was struck by a Civilian Conservation Corps truck on United States Highway No. 53, in St. Louis County, Minn., on July 23, 1937: *Provided*, That the acceptance of such sum shall be in full and final settlement of any and all judgments against Walter Mitchell, driver of the Civilian Conservation Corps truck: *Provided further*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

MRS. ELIZA WARD

The bill (H. R. 637) for the relief of Mrs. Eliza Ward was considered, ordered to a third reading, read the third time, and passed.

JOHNNY NEWTON STRICKLAND

The bill (S. 653) for the relief of Johnny Newton Strickland, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Johnny Newton Strickland, of Southern Pines, N. C., the sum to \$1,500, in full satisfaction of his claims against the United States for compensation for personal injuries sustained by him, and hospital and medical expenses incurred by him, as the result of a collision which occurred when his automobile was struck by a United States Army truck on October 22, 1941: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

BILL PASSED OVER

The bill (S. 1088) to amend the Agricultural Act of 1938, as amended, with respect to the sale of cotton held by or on behalf of the United States, was announced as next in order.

Mr. DANAHER. Over.

The PRESIDING OFFICER. The bill will be passed over.

ESTABLISHMENT OF BOUNDARY LINE BETWEEN INDIANA AND KENTUCKY

The joint resolution (S. J. Res. 62) giving the consent of the Congress to an agreement between the State of Indiana and the Commonwealth of Kentucky establishing a boundary between said State and said Commonwealth, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Whereas, by decree of the Supreme Court of the United States in the case of Indiana against Kentucky, decided May 18, 1896, and reported in 163 United States Reports, the boundary line between the State of Indiana and the Commonwealth of Kentucky between certain terminal points therein described was fixed and established; and

Whereas neither of said terminal points reached the low-water mark of the right side of the Ohio River, forming the remainder of the boundary line between said State and said Commonwealth; and

Whereas owing to the fact recited in the preceding literary paragraph hereof a dispute has arisen as to the boundary line connecting said terminal points with said low-water mark; and

Whereas the Governor of the State of Indiana and the Governor of the Commonwealth of Kentucky appointed commissioners to study said question for the purpose of ascertaining the true and legal boundary line thus in dispute; and

Whereas said commissioners agreed upon the true and legal boundary line; and

Whereas the General Assembly of the State of Indiana passed an act known and designated as Enrolled Act No. 19, House, bearing the signatures of Hobart Creighton, speaker of the house of representatives; Charles M. Dawson, president of the senate; and the signature and approval of Henry F. Schricker,

Governor of Indiana, under date of January 29, 1943; and

Whereas the General Assembly of the Commonwealth of Kentucky passed a like act known and designated as house bill No. 375, bearing the signatures of Stanley S. Dickson, speaker of the house of representatives; Rodes K. Myers, president of the senate; and the signature and approval of Keen Johnson, Governor of Kentucky, under date of March 9, 1942; and

Whereas the said acts provided in substance that upon the approval and consent of the Congress of the United States the boundary line between the State of Indiana and the Commonwealth of Kentucky shall be as follows:

Commencing at a point on the line between sections 15 and 14, township 7 south, range 10 west, and sixty-seven and twenty-five one-hundredths chains south of the northeast corner of section 15, the same being the beginning point in the description of the part of the boundary line as fixed by the Supreme Court of the United States in Indiana against Kentucky, decided May 18, 1896, and reported in 163 United States Reports; thence south no degrees fifty-three minutes fifteen seconds west to the low-water mark on the right side of the Ohio River and thence upstream at low-water mark on the right side of said river. Also beginning at the same beginning point, to wit: The beginning point in the description of the part of the boundary line between the State of Indiana and the Commonwealth of Kentucky as fixed by the Supreme Court in the case above recited and following that line to the end of so much of said boundary line as was fixed by said decree; thence due west to the low-water mark on the right side of the Ohio River and thence downstream with said low-water mark on the right side of said river; and

Whereas the said acts of the State of Indiana and the Commonwealth of Kentucky constitute an agreement between said State and said Commonwealth establishing a boundary line between said State and said Commonwealth: Therefore be it

Resolved, etc., That the consent of the Congress is hereby given to such agreement and to the establishment of such boundary, and said acts of the State of Indiana and the Commonwealth of Kentucky are hereby approved.

The preamble was agreed to.

BILL PASSED OVER

The bill (S. 1108) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and to provide for an audit by the General Accounting Office of the financial transactions of the Corporation, and for other purposes, was announced as next in order.

SEVERAL SENATORS. Over.

The PRESIDING OFFICER. The bill will be passed over.

SIMPLIFICATION OF COLLECTION PROCEDURE IN THE DEPARTMENT OF THE INTERIOR

The Senate proceeded to consider the bill (S. 321) to facilitate and simplify collection procedure in the Department of the Interior, which had been reported from the Committee on Public Lands and Surveys with an amendment, on page 2, line 2, after the numerals in parenthesis, strike out "and from all other provisions of law requiring the deposit of contracts or other instruments, or copies thereof, in the General Accounting Office, when-

ever the amount actually becoming due to the Government under the lease, permit, license, contract, agreement, or other instrument involved does not exceed \$300 in any one fiscal year", and to insert "when the lease or other instruments do not require payment to the Government in excess of \$300 in any one fiscal year", so as to make the bill read:

Be it enacted, etc., That leases, permits, licenses, contracts, agreements, and other instruments providing for payments to the United States on account of the use of lands or waters under the jurisdiction of the Department of the Interior, or on account of the sale of products of such lands or waters, or on account of other transactions incident to the administration of such lands or waters, including contributions by cooperators, but excluding sales of used equipment, shall be exempt from the provisions of section 3743 of the Revised Statutes, as amended (title 41, U. S. C., sec. 20), when the lease or other instruments do not require payment to the Government in excess of \$300 in any one fiscal year: *Provided, however,* That the Secretary of the Interior may prescribe from time to time regulations requiring that originals or copies of any class or group of documents within the foregoing exemption, in the circumstances and upon the conditions designated by him in such regulations, shall be deposited in the General Accounting Office for audit purposes.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

GEORGE WASHINGTON CARVER NATIONAL MONUMENT

The Senate proceeded to consider the bill (S. 37) to provide for the establishment of the George Washington Carver National Monument, which had been reported from the Committee on Public Lands and Surveys with amendments, on page 1, line 7, after the word "land", to insert "or interests in land," and on page 2, line 11, after the words "preserve it", to insert "in a suitable and enduring manner which, in his judgment, will provide", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Interior is authorized and directed to acquire, on behalf of the United States, by gift or purchase, the site of the birthplace of George Washington Carver, distinguished Negro scientist, located near Diamond, Mo., together with such additional land or interests in land and any improvements thereon, as the Secretary may deem necessary to carry out the purposes of this act. In the event the Secretary is unable to acquire such property, or any part thereof, at a reasonable price, he is authorized and directed to condemn such property, or any part thereof, in the manner provided by law.

SEC. 2. The property acquired under the provisions of section 1 of this act shall constitute the George Washington Carver National Monument and shall be a public national memorial to George Washington Carver. The director of the National Park Service, under the direction of the Secretary of the Interior, shall have the supervision, management, and control of such national monument, and shall maintain and preserve it in a suitable and enduring manner which, in his judgment, will provide for the benefit and enjoyment of the people of the United States.

SEC. 3. The Secretary of the Interior is authorized to—

(1) Maintain, either in an existing structure acquired under the provisions of section

1 of this act or in a building constructed by him for the purpose, a museum for relics and records pertaining to George Washington Carver, and for other articles of national and patriotic interest, and to accept on behalf of the United States, for installation in such museum, articles which may be offered as additions to the museum; and

(2) Construct roads and mark with monuments, tablets, or otherwise, points of interest within the boundaries of the George Washington Carver National Monument.

SEC. 4. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this act.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

MONTEZUMA CASTLE NATIONAL MONUMENT

The bill (S. 378) to provide for the addition of certain land in the State of Arizona to the Montezuma Castle National Monument was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That (a) the Secretary of the Interior, on behalf of the United States, is authorized to acquire, in his discretion, certain lands located in the State of Arizona known as the Montezuma Well property, containing approximately 180 acres and situated within section 36, township 15 north, range 5 east, and section 31, township 15 north, range 6 east, Gila and Salt River meridian. Such lands, when acquired, shall become a detached unit of Montezuma Castle National Monument.

(b) Effective on the date of the acquisition of such property, the south half of the northwest quarter of section 31, township 15 north, range 6 east, Gila and Salt River meridian, containing 80 acres of land owned by the United States, shall also become a part of such national monument.

SEC. 2. All laws, rules, and regulations applicable to such national monument shall be applicable with respect to the lands described in the first section of this act upon the addition of such lands to such national monument. The title to real property acquired pursuant to this act shall be satisfactory to the Secretary of the Interior.

SEC. 3. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this act.

SALE OF COINS COMMEMORATING FIFTIETH ANNIVERSARY OF FOUNDING OF ALBANY, N. Y.

The bill (S. 982) to provide that the unexpended proceeds from the sale of 50-cent pieces coined in commemoration of the two hundred and fiftieth anniversary of the founding of the city of Albany, N. Y., may be paid into the general funds of such city was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 2 of the act entitled "An act to authorize the coinage of 50-cent pieces in commemoration of the two hundred and fiftieth anniversary of the founding of the city of Albany, N. Y.", approved June 16, 1936, is amended by adding at the end thereof the following: "Any unexpended proceeds may be paid by such committee to the city of Albany, N. Y., for deposit in the general funds of such city."

TRAINING OF STATE AND TERRITORIAL MILITARY FORCES

The Senate proceeded to consider the bill (S. 1157) to amend section 61 of the

June
17

78TH CONGRESS
1ST SESSION

S. 1108

IN THE SENATE OF THE UNITED STATES

JUNE 18 (legislative day, MAY 24), 1943

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. TAFT to the bill (S. 1108) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and to provide for an audit by the General Accounting Office of the financial transactions of the Corporation, and for other purposes, viz: Strike out section 5 and insert in lieu thereof the following:

- 1 SEC. 5. Neither the Commodity Credit Corporation, the
- 2 Reconstruction Finance Corporation, its subsidiaries, nor any
- 3 other Government-owned corporation shall pay any sub-
- 4 sidies or purchase any commodities for the purpose of selling
- 5 them at a loss, or borrow any money to be used for any
- 6 such purpose, nor shall any appropriation heretofore or
- 7 hereafter made by the Congress be used for any such pur-

AMENDMENT

Intended to be proposed by Mr. Tarr to the bill (S. 1108) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and to provide for an audit by the General Accounting Office of the financial transactions of the Corporation, and for other purposes.

JUNE 18 (legislative day, May 24), 1943

Ordered to lie on the table and to be printed

DIGEST OF PROCEEDINGS OF CONGRESS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

(Issued June 23, 1943, for actions of Tuesday, June 22, 1943)

(For staff of the Department only)

Contents

Agricultural appropriation bill (individual items not indexed)....1,8	Food administration....33	Price control...9,17,18,20,32,35,37,38,39,43
Appropriations.1,3,4,8,19	Food Conference.....36	Priorities.....46
Assistant Secretary of the Interior.....16	Food distribution.....11,14,19	Rationing.....18,20,44
Bean prices.....38	Food production..18,19,22	Reclamation.....13,29
Civilian Conservation Corps.....6	Food for Europe.....14	Reconstruction Finance Corporation.....12
Commodity Credit...2,8,39	Insect control.....40	Roads.....11
Corn.....5,39	Labor.....21,28,45	School lunches.....19
D.C.appropriation bill.19	Land acquisition.....10	Selective service.....26
Dairy industry.....11,19,43,47	Legislation program.....8	Subsidies.....9,17,27,37
Farm prices.....32	Legislative-judiciary appropriation bill.....3	Taxation.....7
Fiscal relations.....23	Livestock.....17,35,39,44	Transportation.....11,42
Fisheries.....24	Loans, farm.....15,31,41	Urgent deficiency appropriation bill.....4,8
	Meat shortage.....35	Vocational rehabilitation.....25
	Personnel.....21	Water conservation.....30
	Post-war planning.....34	

HOUSE

1. Agricultural appropriation bill. Agreed to the conference report on this bill, H. R. 2481 (pp. 6367-69).

Acted on amendments in disagreement, as follows:

Concurred in the following Senate amendments: Appropriating \$555,000 to prevent States from losing extension-work funds (p. 6369). Appropriating \$63,708 to prevent States from losing experiment-station funds (p. 6369). Providing for a \$10,000 salary for the BAE Chief (p. 6370). Authorizing construction of BAI buildings at Beltsville (p. 6370). Providing for a \$9,200 salary for the Research Administrator (p. 6370). Increasing forest-fire cooperation to \$6,300,000 and the amounts for D. C. salaries and supplies and equipment, and permitting \$2,300,000 to be spent without matching by States or owners (p. 6370). Increasing conservation-and-use from \$300,000,000 to \$400,000,000 (by a 185-175 vote, upon a preferential motion by Rep. Fulmer, S. C., after the conferees had moved to insist on the House figure)(pp. 6370-78). Payments to States for experiment-station work under Title I of the Bankhead-Jones Act, increased to \$2,463,708 (p. 6369).

Concurred with amendment in the amendment adding \$25,000,000 for War Food Administration; amended to make AAA personnel provisions applicable and authorize temporary employment, not exceeding \$50,000, of persons or organizations by contract or otherwise without regard to the Classification Act (p. 6370).

Insisted on disagreement to amendments: Striking out: limitation on ACP payments to soil-building and water-conservation practices (rejected, 166-177, a motion by Rep. Cooley, N. C., to concur in the amendment)(pp. 6378-80). Striking out the prohibition against making any incentive payments (rejected 34-150, a motion by Rep. Pace, Ga., to concur in the amendment).

with an amendment prohibiting such payments from this bill "if and so long as such payments are under any law or Executive order taken into consideration in the determination by the Price Administrator, or other authority, of the maximum or ceiling or parity prices of farm commodities" (pp. 6381-82).

2. Commodity Credit. Rules Committee reported a resolution for the consideration of H. R. 2869, to continue the CCC as a U. S. agency, increasing its borrowing power, etc. (pp. 6360, 6383).
 3. Legislative-judiciary appropriation bill. Agreed to the conference report on this bill, H. R. 2409, which includes appropriations for GPO, Library of Congress, and Botanic Garden (p. 6360). Agreed to a motion by Rep. O'Neal N. Y., to disagree to the Senate amendment relating to the preparation of a new edition of the U. S. Code (pp. 6360-66).
 4. Urgent deficiency appropriation bill. Reps. Cannon, Woodrum, Ludlow, Snyder, O'Neal, Rabaut, Johnson of Okla., Taber, Wigglesworth, Lambertson, and Ditter were appointed conferees for a further conference on this bill, H. R. 2714 (p. 6367). Senate conferees have not been appointed.
 5. Corn shortage. Rep. Hoffman, Mich.; inserted a constituent's telegram requesting relief from the corn and feed shortage and his reply thereto, and urged abolition of "these bureaus which are interfering with production so that we will be able to get poultry, beef, eggs, and the food we must have next winter" (p. 6360).
 6. Civilian Conservation Corps. Rep. Norton, Mass.; commended the work of Director McEntee and the CCC (p. 6358).
 7. Taxation. Agreed without amendment to H. Con. Res. 30, to authorize the printing of additional copies of H. Doc. 237, "Questions and Answers on the Tax Bill" (pp. 6367, 6384).
 8. Legislative program as announced by Majority Leader McCormack: Wed., further consideration of the conference report on H. R. 2481, the agricultural appropriation bill, followed by the conference report on H. R. 2714, the urgent deficiency appropriation bill; and Thurs., H. R. 2869, the Commodity Credit bill (p. 6382).
 9. Price control; subsidies. Received a Shields Farm Bureau Advisory Council, Morgan County, Ohio, resolution opposing farm price roll-back and subsidy payment on foods (p. 6384).
- SENATE
10. Land acquisition. Agriculture and Forestry Committee reported without amendment H. R. 6, to authorize the Secretary of Agriculture to adjust titles to lands acquired by the U. S. which are subject to his administration, custody, or control (S. Rept. 327) (p. 6322).
 11. Transportation; roads. Post Offices and Post Roads Committee reported with amendment H. R. 2798, making various amendments to the Federal Highway Act (S. Rept. 328) (p. 6322).
Received from the Wis. Legislature a resolution urging allocations of road materials for Wis. to insure the delivery of dairy and farm products (pp. 6317-18).
 12. Reconstruction Finance Corporation. Received RFC's confidential report for April 1943. To Banking and Currency Committee. (p. 6317).

view of the fact that our bureaus have sent out complicated questionnaires that create headaches all over the country, and this document will at least allay worried taxpayers' headaches.

REPORT OF COMMITTEE ON UN-AMERICAN ACTIVITIES, 1934

Mr. O'TOOLE. Mr. Speaker, I ask unanimous consent for the immediate consideration of House Resolution 254, authorizing the Librarian of Congress to deliver to the House Committee on the Library all materials deposited with the Librarian by the special committee of the House of Representatives on un-American activities, Seventy-third Congress, second session.

Mr. RANKIN. Mr. Speaker, reserving the right to object, and, of course, I have no objection to the Attorney General's Office having access to these papers, but the Attorney General's Office made such a fiasco in its recent activities in Mississippi that I have not the confidence that I ought to have in the Attorney General's Office, and especially since that episode has probably contributed to the Nation-wide race troubles we are having today. These are secret papers. They contain information that was acquired by the Committee on Un-American Activities almost 10 years ago. I am not willing for these papers to get out of the jurisdiction of a committee of Congress unless a photostatic copy of every one of them is retained.

Mr. PATMAN. Mr. Speaker, will the gentleman yield for a question?

Mr. RANKIN. I yield.

Mr. PATMAN. I feel that some care must be given to this question, just as does the gentleman from Mississippi, but if the gentleman will carefully read this resolution as it is proposed to be amended, these papers do not go to the Attorney General; these papers go to the Committee on the Library, and then if the Attorney General wishes to see them he may come up and see them in the presence of the Committee on the Library, or at least the committee can safeguard them. That is the object of it. I personally am not willing to take the responsibility of withholding these papers from the Attorney General at this time when some people who are likely affected by these papers are on trial. I hope the gentleman will not object; I am not going to object. The Committee on the Library can permit any Member or committee of the House to inspect these papers and I have reasons to believe they will be reasonable in the exercise of this discretion.

Mr. RANKIN. I feel that if this will help the Attorney General's Office in the trial of these cases we should let him have them. Those cases should be tried now. I am not objecting to the Attorney General's having access to these papers, but I do not want these papers to get out of the hands of the Congress of the United States, because there is information in them, as I understand it, that is vitally necessary for the Congress to have access to in the future. I do not want to do anything that will delay the prosecution of these people who are under indictment. I do not care what these

Communist newspapers say, I want these people brought to trial immediately, and if they are guilty they should be convicted and punished. I do not want to withhold any information that would aid the Department of Justice in that respect; but I certainly want to see that these papers are retained where the Congress will always have access to them.

Mr. O'TOOLE. Mr. Speaker, will the gentleman yield?

Mr. RANKIN. I yield.

Mr. O'TOOLE. I wish to inform the gentleman from Mississippi that when this resolution was originally drawn it provided that the papers were to be turned over to the Attorney General. The Committee on the Library saw fit to amend the original resolution so that the papers now will be kept in the custody of the Committee on the Library. This has been agreed to.

Mr. RANKIN. So these papers will be retained by the Committee on the Library in the hands of the Congress of the United States.

Mr. HOFFMAN. Mr. Speaker, will the gentleman yield?

Mr. RANKIN. I yield.

Mr. HOFFMAN. I know nothing about what these papers contain, but I agree with the gentleman from Mississippi that if there is anything in them that will aid the cause of justice, let the Attorney General have them; but why should not Members of Congress at least have access to the papers? The chances are that the papers contain a lot of hearsay; nevertheless, if they are to be made available to the Attorney General why not make them available to Members of Congress?

Mr. RANKIN. As soon as the Attorney General gets through with the prosecution of these cases I hope he will get busy prosecuting these Communists that are stirring up these zoot-suit riots and these race riots all over the country that are doing more harm than anything else except these unjustified strikes in our war industry. I hope the Attorney General will wake up to the fact that the Communists are stirring up race troubles from Detroit to El Paso.

The SPEAKER. Is there objection to the present consideration of the resolution?

There being no objection, the Clerk read the resolution, as follows:

Resolved, That the Librarian of Congress is authorized and directed to deliver to the Attorney General for such use as the Attorney General may deem appropriate, all material deposited with the Librarian by the Special Committee of the House of Representatives on Un-American Activities, Seventy-third Congress, second session, including the contents of a sealed package inscribed "House of Representatives, Special Committee on Un-American Activities, 1934. Hearings Confidential," the content of which package shall be returned to the Librarian of Congress after the Attorney General has made such use of the same as he has deemed appropriate.

With the following committee amendments:

Page 1, line 2, strike out "Attorney General" and insert "House Committee on the Library."

Page 1, line 3, strike out "The Attorney General" and insert "that committee."

Page 1, line 11, strike out "Attorney General" and insert "House Committee on the Library."

Page 1, line 13, strike out "he" and insert "it."

The committee amendments were agreed to.

The resolution was agreed to, and a motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. RAMSPECK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a speech made by Hon. Paul V. McNutt.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. FULMER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to insert therein a statement made by Hon. Marvin Jones before the House Committee on Agriculture concerning the food conference held recently in Virginia.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an article from the Indianapolis Star.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

[The matter referred to will appear hereafter in the Appendix.]

PERMISSION TO ADDRESS THE HOUSE

Mr. SPARKMAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

LT. FLYNN HUMPHREYS

Mr. SPARKMAN. Mr. Speaker, our visiting chaplain this morning was Lt. Flynn Humphreys, chaplain in the Navy. Early in this war he expressed a desire to get into it. He obtained an appointment and gave up for the duration one of the best pulpits in my home city of Huntsville, Ala., that of the Central Presbyterian Church. During the time he has been in the service he has seen much, as the ribbons which he wears on his breast indicate.

He has just returned from Attu. He was there during the taking of that rocky stronghold from the crafty Japanese. To talk with him about those operations is to know better how the Japs tenaciously held on and savagely fought to the death to the last man. It is to know better how long and how hard is the road ahead before we have won this war. He has been in action, ministering to the dying sons of ours. He has had them die in his arms unafraid and confident

that their dying was worth while. To hear him tell of them is to remind us of the terrible responsibility resting on each one of us back here on the home front to see that that faith has not been misplaced and that their death has not been in vain.

EXTENSION OF REMARKS

Mr. SIKES. Mr. Speaker, I ask unanimous consent to extend in the RECORD under an extension of my own remarks an address by the Honorable Chester Davis.

The SPEAKER. Is there objection to the request of the gentleman from Florida [Mr. SIKES]?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. GAVIN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and to include an article by David Lawrence.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania [Mr. GAVIN]?

There was no objection.

[The matter referred to appears in the Appendix.]

PERMISSION TO ADDRESS THE HOUSE

Mr. SCOTT. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania [Mr. SCOTT]?

There was no objection.

[Mr. SCOTT addressed the House. His remarks appear in the Appendix of today's RECORD.]

Mr. SCOTT. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the RECORD and to include therein an article from the New York Times by Arthur Krock on June 22.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania [Mr. SCOTT]?

There was no objection.

EXTENSION OF REMARKS

Mr. PLOESER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a resolution of the Missouri Senate in the Appendix of the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. PLOESER]?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. BENDER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include an editorial from the Catholic magazine America.

The SPEAKER. Is there objection to the request of the gentleman from Ohio [Mr. BENDER]?

There was no objection.

[The matter referred to will appear hereafter in the Appendix.]

PERMISSION TO ADDRESS THE HOUSE

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to extend my own re-

marks in the RECORD and to proceed for 1 minute and revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. HOFFMAN]?

There was no objection.

THE CORN SHORTAGE

Mr. HOFFMAN. Mr. Speaker, here is another of the hundreds of protests I have received:

We supply egg and milk producers covering area 25 miles north and south, 10 miles east. Absolutely impossible secure corn; none on hand. Hundreds of feeders will have to do without. Relief must be given immediately. Posting this on billboard for them to read showing our efforts their behalf. Its up to you.

SOUTHHAVEN FRUIT EXCHANGE,
CORNELIUS BUS, Manager.

I passed the buck and replied as follows:

Your wire received. Corn shortage due to the President's New Deal policy and Agricultural Adjustment Agency program. If the poultry dies and the milk cows go to the slaughter house, it is the fault of the President's New Deal bureaucrats. Make your protest to them.

Mr. Speaker, I have done all I can to remedy the situation. I have protested many, many times. I am now as always ready to go along with those Members who wish to abolish these bureaus which are interfering with production so that we will be able to get poultry, beef, eggs, and the food we must have next winter.

The SPEAKER. The time of the gentleman has expired.

EXTENSION OF REMARKS

Mr. EDWIN ARTHUR HALL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a recent editorial from the Norwich Sun.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. EDWIN ARTHUR HALL]?

There was no objection.

[The matter referred to appears in the Appendix.]

PERMISSION TO ADDRESS THE HOUSE

Mr. SABATH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my own remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Illinois [Mr. SABATH]?

There was no objection.

[Mr. SABATH addressed the House. His remarks appear in the Appendix of today's RECORD.]

COMMODITY CREDIT CORPORATION

Mr. SABATH, by direction of the Committee on Rules, reported the following privileged report (H. Res. 270, Rept. No. 572), which was referred to the House Calendar and ordered printed:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 2869, a bill to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise

the basis of the annual appraisal of its assets, and for other purposes. That after general debate, which shall be confined to the bill and shall continue not to exceed 3 hours, to be equally divided and controlled by the chairman and the ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendments under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

LEGISLATIVE BRANCH AND THE JUDICIARY APPROPRIATION BILL—1944

Mr. O'NEAL. Mr. Speaker, I call up the conference report on the bill (H. R. 2409) making appropriation for the legislative branch and for the judiciary for the fiscal year ending June 30, 1944, and for other purposes, and I ask unanimous consent that the statement of the managers on the part of the House may be read in lieu of the full report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky [Mr. O'NEAL]?

There was no objection.

The Clerk read the statement of the managers on the part of the House.

(For conference report and statement, see proceedings of the House of June 17, 1943.)

Mr. O'NEAL. Mr. Speaker, the statement speaks for itself. We bring back for a vote of the House three amendments in disagreement, which will be explained later. I do not believe there is much necessity for explaining the amendments which are covered in the statement of the managers on the part of the House because most of them are amendments to the Senate part of the bill. As you know, the House writes its own appropriation bill and the Senate practically always approves what we put in the bill for the House. We in turn pass the bill relating to Senate matters to the Senate, and have no hearings on the items nor do we question what they do with reference to their own appropriations.

I think there is nothing else in the report itself that needs further explanation except for the three amendments in disagreement, which will be considered later.

Does the gentleman from Indiana desire to make any statement on the conference report?

Mr. JOHNSON of Indiana. I believe not.

Mr. O'NEAL. I move the previous question, Mr. Speaker.

The previous question was ordered.

The conference report was agreed to.

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Amendment No. 20: On page 28, line 10, insert the following:

"For preliminary work in connection with the preparation of a new edition of the United States Code, including the correction of errors as authorized by the act approved March 2, 1929 (45 Stat. 1541), \$100,000, to be expended under the supervision of the Committee on the Revision of the Laws."

June
23

June 23, 1943

8. Second deficiency appropriation bill: Appropriations Committee reported the bill, H. R. 3030 (H. Rept: 577) (p. 6451). The bill includes \$42,500 to provide for accrued-leave payments to NREB employees, \$81,600 for Board of Legal Examiners (CSC), \$325,000 additional for Civil Service Commission, \$1,065,000 for WPA liquidation, \$3,250,000 for the Federal-property-utilization project (Procurement Division), and appropriations for judgments and claims.

SENATE

9. Fiscal relations with States. Received from the Treasury, in accordance with S. Res. 160, a report on fiscal relations of the Federal, State, and local governments. To Finance Committee. (S. Doc. 69) (p. 6386).
10. Price control; subsidies. Received from Women's Auxiliary of the National Maritime Union of America, New York, N. Y., a petition favoring Government subsidies and the appropriation of adequate funds to continue the work of OPA (p. 6386).
11. Farm machinery. Received from the South Platte United Chambers of Commerce a resolution requesting that WPB lift the freeze order on machinery used for the development of irrigated lands (pp. 6386-87).
12. Flood control. Received from the South Platte (Nebr.) United Chambers of Commerce a resolution urging the early construction of a dam on the Republican River in Harlan County, Nebr. (p. 6387).
Sen. Truman, Mo., submitted an amendment which he intends to propose to S. 1134, to amend Sec. 5 of the Flood Control Act, approved August 18, 1941. To Commerce Committee (p. 6388).
13. Legislative-judiciary appropriation bill. Agreed to the conference report on this bill, H. R. 2409 (p. 6397). This bill will now be sent to the President.
14. Food administration. Sen. Wiley, speaking on "Save the Food of America First," criticized administration of the food program and stated, "I hope the Government will cut the red tape and utilize the men in camps...so that the food will be saved" (pp. 6397-99).
15. Subsidies. Sen. Bankhead, Ala., inserted Secretary Jones' statement on "Subsidies for War Production" (pp. 6399-400).
16. Commodity Credit. Began debate on S. 1108, to increase CCC's borrowing power, extend its life, etc. (pp. 6400-21), which contains a committee amendment providing that whenever a maximum price or prices are established for an agricultural commodity or its products, no subsidy or other payments shall be made either directly or indirectly to a producer, processor, manufacturer, or any other person connected with the commodity, for the purpose of compensating him for any reduction or roll-back of maximum prices, from CCC funds, unless Congress authorizes the use of such funds for such purpose. Sen. Bankhead, Ala., inserted J. B. Hutson's statement of CCC's subsidy and incentive payments (pp. 6400-2). Several Senators discussed the Taft amendment authorizing REC to pay \$500,000,000, and CCC to pay \$175,000,000, in subsidies.
Sens. Aiken (for himself and Sen. Gillette) and Bankhead (for himself and Sen. Clark of Mo.) submitted amendments which they intend to propose to the bill (p. 6388).
17. Education. Sen. McNary, Oreg., submitted an amendment which he (for himself and Sen. Barbour, N. J.) intends to propose to S. 637, the Federal-aid education

18. Transportation; roads. Passed with amendments H. R. 2796, to continue U. S. aid to States in road construction by preventing lapse of funds, by providing for post-war construction plans, by authorizing an additional allotment of \$15,000,000 for the construction of roads to strategic materials, and by providing for a survey of an express-highway system. Agreed to Sen. O'Mahoney's (Wyo.) amendment increasing from \$25,000,000 to \$35,000,000 the authorization for the construction of access roads and inserting the words "including petroleum" after the words "raw materials." Sens. McKellar, Hayden, Chavez, Scrugham, Reed, Langer and Buck were appointed conferees. (pp. 6389-97).

BILLS INTRODUCED

19. Property requisition. By Sen. George, Ga., S. 1262, relating to certain proceedings in U. S. district courts where property is requisitioned under Public Law 274, 77th Cong. To Judiciary Committee. (p. 6388).
20. Personnel. By Sen. Thomas, Utah, S. 1263 and S. 1264, to amend the act providing compensation for U. S. employees suffering injuries while in the performance of their duties. To Education and Labor Committee. (p. 6388)
- By
21. Food stamps. /Sen. Lodge, Mass., S. 1260, to authorize the War Food Administrator to issue food stamps to be used to increase the food purchasing power of low-income individuals. To Banking and Currency Committee. (p. 6388)
22. Roads. By Sen. Scrugham, Nev., S. Res. 161, to authorize appropriation of \$3,500 for the Post Offices and Post Roads Committee to make a study with respect to the construction and maintenance of highways, etc. over which any U. S. agency exercises any jurisdiction or direction as a part of the war effort or otherwise. To Post Offices and Post Roads Committee. (p. 6388).
23. Selective service. By Rep. Clason, Mass., H. R. 3031, to amend the Servicemen's Dependents Allowance Act of 1942 to provide an increase in the amount of the Government's contribution to the dependents of enlisted men entitled to family allowances under such act. To Military Affairs Committee. (p. 6451)

ITEMS IN APPENDIX

24. Farm Security. Extension of remarks of Rep. Ludlow, Ind., including a Frankfort (Ind.) newspaper article praising the accomplishments of FSA (pp. A3418-19).
Extension of remarks of Rep. Wickersham, Okla., favoring the Senate's amendments to FSA item, stating, "Remember if you fail to provide the full amounts contained in the Senate provisions you will live to regret it" (pp. A3433-34).
25. Potatoes; lend-lease. Speech in the House by Rep. Springer, Ind., on the recent potato shortage, favoring the use of "lend-lease in reverse" if such a situation arises again, since "According to reliable reports England has a surplus of potatoes, and has had" (p. A3419).
26. Price control. Extension of remarks of Rep. Hope, Kans., including tables showing wage increases during the past year, stating that "if both wages and prices are to be stabilized as of last September, we must roll back both prices and wages to what they were at that date" (pp. A3419-20).
27. Meat production. Speech in the House by Rep. Stefan, Nebr., including constituent's telegrams urging higher price ceilings to cover cost of production (pp. A3420-21).

claimed clothing cannot be provided new clothes will be given.

Prisoners' uniforms will be dyed dark blue, and marked in white paint with the symbol "P. W." They may wear their insignia of rank and decorations.

Prisoners will be organized into companies of 250 men under a company commander, an officer of the Army of the United States. In turn, battalions will be formed within the camp, all under the camp commander.

Companies will perform their own administration as far as possible. From their own numbers they will have first sergeants, platoon sergeants, cooks, barbers, tailors, cobblers, etc.

Work performed in the maintenance of the camp or in the administration of the company will not be paid for except for the 10-cent daily allowance. However, when such work keeps a prisoner from a job for which he would be paid, he will be allowed the sum he could otherwise have earned.

Camps will be made up of prisoners of the same nationality.

Prisoners may organize into associations to administer self-government and to facilitate liaison between prisoners and company and camp commanders. Squads, platoons, companies, battalions, and camps may have a leader who serves as spokesman for the unit. They may make request or complaints to the company or camp commanders. Complaints may also be made directly to the Legations of the protecting powers, or upon request, complaints to camp commanders must be forwarded to the Legations. Prisoners may keep their personal effects, including personal articles of value. All money, bonds, etc., will be taken and held in trust for the prisoner, however. All arms and implements of war, maps, and other documents will be confiscated.

Camp commanders may allow prisoners to receive visitors twice a month.

A full program of sports and athletics will be provided prisoners. All necessary equipment and sufficient space for games and competitive sports will be provided by camp commanders.

The War Department is prepared to handle, in a proper manner, all prisoners of war that will be received in this country.

Mr. WILEY. Mr. President, now let me read excerpts from a letter which I received a few days ago. It comes from a farmer at Green Bay, Wis.:

I do not believe that our American people or those in the administration realize that we are facing a food shortage and unless the red tape and bungling is cut out, the American people are going to have a sad awakening on or before January 1, 1944.

As a farmer, part time and operator of one farm and managing another, I realize what the labor situation is and I am wondering what the farmers are going to do when it comes to haying, harvesting, threshing, and silo-filling.

This mistaken idea that city high-school boys and city women are going to be able to help the farmers is all wrong—they would be only in their own way and in the farmer's way. When the word "skilled labor" is used, if there is any place that skilled labor is necessary, it is on the farm. In order to be a good farmer, I have found it necessary to have been born and brought up on a farm and also to like it, as there are so many details connected with the feeding and care of livestock and the proper care of handling milk, that no one unless they are familiar with the work can do the job right.

Then he writes of German prisoners who should be made available. It was in relation to the prisoner-of-war situation that I requested to have the press release printed in the RECORD.

Then the author of the letter refers to the question of canning factories, a question which I have stressed for some weeks. I read further from his letter:

In Green Bay we have two large canning factories, and 17 miles west, at Seymour, we have another, and I know that all of the men connected with those plants are worried about being able to get the necessary help.

Now, Mr. WILEY, something must be done and done quick, as the harvest season for the different crops is drawing near and unless the necessary help is provided the farmer, many of our crops may stay in the field.

Mr. President, that letter sets forth the situation. We are missing the boat in many respects. As was suggested in the report made the other day by the junior Senator from Virginia [Mr. BYRD], I think it is due to the fact that too many people are trying to do the things which should be done. I believe that the statement contained in the report that we could get rid of 300,000 persons in the Government service is accurate. They are stepping on each other's toes; they are falling all over each other. When we try to get someone to do something he passes us on to someone else. Then, when we try to obtain collaboration between one department and another department, we are given what is known as the Washington merry-go-round, or the run-around, and we do not obtain the desired results.

Mr. President, I desire now to discuss another phase of the subject of food. Recently in one of the committees it was brought out that there are millions of acres of land which still are not being used—they are fallow. Some say it is too late to use them. Of course, it is too late to plant corn for use as food, but it is not too late to plant it for use as silage. It is not too late to plant other crops which would be useful in feeding livestock. This year we have 20,000,000 more hogs to feed, and the problem is where to obtain the feed for them. This year we have more cattle than we had last year, and the problem is where to obtain the feed to give to them in the feeding lots. Without sufficient feed for the hogs and cattle, we may get no more meat than we obtained last year, and probably not so much.

Mr. President, I am about to conclude. The food situation presents a serious problem, not only for our boys who are on the battle fronts, not only for those of us at home, but in relation to the feeding of the people of Europe. In the newspapers we read many articles by writers who seem to indicate that Germany is going to collapse. I do not believe that will occur for a long time. However, if Germany should collapse, we would see continental Europe a blazing inferno, a hell of hate and vengeance and hunger, with little Hitlers rising everywhere, and revolutionary groups mushrooming up everywhere, and taking advantage of the chaos. In order to antidote the hunger which would precipitate such revolutionary movements, we must have food. In order to antidote the hate and vengeance we must have the power and authority to step into the picture. We will have the

power; we will have the military force if our boys get the food they need. But will we have the food to send in quickly to bring the chaotic conditions to an end? We will not have it if we continue to bungle as we have in the past.

The other day, in returning to Washington, when the train was passing through Indiana and Ohio, I saw field after field of stubble corn which had not been plowed. That situation is all too apparent everywhere. We talk about feeding the world. Not only shall we be called upon the supply the food to the barren areas, but there will have to be doctors and nurses to take care of the sick and to combat pestilence. However, food is primary. Today, I am talking on the subject of Save the food first.

Therefore, Mr. President, the Government will have to make sure that more crops are raised, that more money and more machinery are made available for the land. Because of the serious labor shortage situation in the canneries of Wisconsin, today I am particularly stressing that point; because if in the next week we do not obtain the necessary men, a large percentage of the pea crop will become unavailable to feed the people of this country and to feed our armed forces.

Let us, as far as possible, make certain that what should be done will be done. In Wisconsin there are 180,000 farms. Just before I left my office I received word that some 600 men are being certified into that area. If that means that Jamaicans are being certified, the question is whether they will be able to do work that will be of some help. But I have also understood that the Army is going to release a few men for 3 days at a time.

Why must we behave like boys when we have a man's job to do? The Army will not amount to anything unless it gets food; and the basis of Army food is in large measure the products which come from the canneries of my own State.

Mr. President, I trust that these remarks will result in the local communities, villages, and cities waking up to the need of doing everything possible to husband food crops and preserve them for the great effort which must be made to achieve victory. I hope that the Government will cut the red tape and utilize the men in camps in our vicinity so that the food will be saved. Save the food first.

SUBSIDIES FOR WAR PRODUCTION— STATEMENT BY HON. JESSE H. JONES

Mr. BANKHEAD. Mr. President, a statement has been submitted to the Joint Committee on Reduction of Non-essential Federal Expenditures by Hon. Jesse Jones, Secretary of Commerce, concerning subsidies which have been paid, or which the Reconstruction Finance Corporation is under obligation to pay. I ask unanimous consent that the statement be read by the clerk.

The PRESIDING OFFICER. Without objection, the statement will be read.

The Chief Clerk read as follows:

Section 2 (e) of the Price Control Act authorizes the Reconstruction Finance Corpora-

tion to buy and sell, or to subsidize, those materials which are designated by the President as critical and strategic.

Subsidies in one form or another have been a matter of administration policy since 1940, first, in the defense program and later in the war effort.

Due to submarine warfare Defense Supplies Corporation is paying excess transportation charges, and in some instances excess cost, on petroleum products. The estimated net cost of this operation for 1943 is from ninety-five to one hundred million dollars, and probably from forty to fifty million dollars for 1944.

For the same reason the Corporation is paying excess transportation costs on coal to New York and New England. The estimated cost of this program for the year is \$25,000,000.

Defense Supplies Corporation paid transportation costs in distributing sugar throughout the country up to December 16, 1942. This included sugar from Cuba and the cost of moving beet sugar from the West to the New England area. Since then, Commodity Credit Corporation has handled sugar. Disbursements have been approximately \$23,000,000.

All Chilean nitrate of soda imported from July 1, 1942, to June 1, 1943, is for the account of Defense Supplies Corporation. Sale of this nitrate of soda with Office of Price Administration price ceilings will result in an estimated loss of \$7,000,000, of which about one-half is due to transportation costs.

Because of the critical shortage of fibers for rope and binder twine which was brought about principally because of the loss of the Philippines and the Dutch East Indies, Defense Supplies Corporation is purchasing fibers in Mexico, the West Indies, and east Africa. This fiber is landed in the United States wherever possible and the high costs of the fiber and the high rail transportation costs to destination will result in an estimated loss of approximately \$5,000,000 for 1943.

The purchase and resale of idle tires will result in a loss to Defense Supplies Corporation estimated at \$20,000,000.

Formerly this country obtained its supply of jewel bearings almost entirely from Switzerland. In order to induce American manufacturers to produce them, Defense Supplies Corporation has agreed to purchase the output of American manufacturers at a price which entails a very substantial loss. It is estimated this loss will approximate \$7,500,000 a year.

In order to obtain the necessary production of aluminum rivets which are used principally in airplane manufacture, it was necessary to have them produced by high-cost manufacturers who were not normally in the business. Defense Supplies Corporation has agreed to subsidize the production of these rivets, at an estimated loss of \$5,000,000 for a year.

This applies also to aluminum rods and bars, on which the estimated loss is \$1,000,000.

Defense Supplies Corporation has agreed to pay the excess cost of purchasing petroleum coke at inland locations, transporting it to the west coast, and processing it into calcined coke. This is done to avoid interference with the maximum production of 100-octane gasoline and Navy fuel oil on the west coast. The estimated loss is \$2,500,000.

Metals Reserve Company has been paying premiums on certain excess domestic production of copper, lead, and zinc since February 1, 1942. At the present rate of premiums and production this will cost approximately \$53,000,000 a year, but due to efforts to further stimulate production, this cost may be increased to as much as \$80,000,000 annually by the end of 1943.

Metals Reserve Company is purchasing and selling idle and excess inventories of raw materials and partly and fully fabricated materials frozen in the hands of the holders; it is also purchasing scrap metals where the cost, including preparation, handling, refining, freight, etc., will entail substantial losses. It is estimated that in 1943 these losses will aggregate \$27,000,000.

Metals Reserve Company is encouraging the production of various and sundry metals in this country through buying them at a high price and selling them at ceiling prices.

In addition to copper, lead, and zinc, these include arsenic, beryllium, cadmium, chrome, cobalt, fluor spar, graphite, iron ore, kyanite, magnesium, manganese, mercury, mica, molybdenum, rutile, spodumene, talc, tantalum, tin, tungsten, and vanadium. The loss on these items probably will be about \$25,000,000.

These materials come from one or more of the following States: Pennsylvania, Utah, Texas, Arkansas, Alaska, California, Idaho, North Carolina, Oregon, Washington, Montana, Vermont, Michigan, Arizona, Missouri, Alabama, New Jersey, Colorado, Georgia, Nevada, New Mexico, Oklahoma, South Dakota, Tennessee, Virginia, West Virginia, Wyoming, and New York.

Metals Reserve Company is paying abnormal transportation costs and losses on the purchase of various metals and minerals from Latin America and elsewhere abroad. The estimated loss on these for 1943 is about \$25,000,000.

In the manufacture of synthetic rubber, the purchase of natural rubber from foreign countries, the purchase of scrap rubber for reclaim purposes, and the development of new sources of rubber, the cost is problematical. These activities are carried on by Rubber Reserve Company and Rubber Development Company.

In the case of meat and butter, the Price Administrator announced a reduction of approximately 10 percent to the consumer on these items. Obviously if this reduction were rolled back to the cattle and hog raiser and the price of cattle and hogs were reduced accordingly, the supply of meat would be retarded at a time when the maximum supply is most needed.

For this reason, the Director of Economic Stabilization directed that I arrange with an agency of the Reconstruction Finance Corporation to pay subsidies on meat and butter to assure maximum production. The President approved the payment of these subsidies up to \$450,000,000.

The Reconstruction Finance Corporation subsidiaries act as service agencies in the war program. When the President, the War Production Board, the War Department, the Navy Department, the Maritime Commission, the Petroleum Administration for War, the Board of Economic Warfare, the Rubber Director, the Director of Economic Stabilization establish the need for plant facilities, materials, services, or supplies for which no other provision is made, the Reconstruction Finance Corporation, through one of the above-named subsidiaries; when requested to do so by the appropriate war agency, and with my approval, undertakes to provide them. In this way it serves those responsible for war production and war policies. Neither the Reconstruction Finance Corporation nor I make policies.

PAYMENTS BY COMMODITY CREDIT CORPORATION

Mr. BANKHEAD. Mr. President, a few days ago I requested Mr. J. B. Hutson, president of the Commodity Credit Corporation, to furnish me with a statement concerning the commodities or products on which the Commodity Credit Corporation were making pay-

ments, either by way of subsidy or incentive payments, in support of the war production program. I ask unanimous consent that the clerk read the statement. It contains very valuable information.

The PRESIDING OFFICER (Mr. HATCH in the chair). Without objection, the clerk will read as requested.

The Chief Clerk read as follows:

Oilseeds: Prior to World War No. 2 the United States had normally imported 15 to 20 percent of its supplies of fats and oils, and exported only small quantities. War reduced the volume of imports and increased the demand for exports—a situation which was further aggravated after Pearl Harbor since much of our imports had previously come from the Pacific. The United States was now faced with a potential total reduction of 1,000,000,000 pounds of imports and an increase of 1,500,000,000 pounds in exports, or a net change in our import-export position of about 2,500,000,000 pounds. To meet this situation, the Department of Agriculture urged farmers to increase the domestic production of soybeans, flaxseed, and peanuts for oil, and offered in this connection to support the prices of these oilseeds at specified minimum levels. A comparable support price for cottonseed was offered. Ceiling prices on oil and oil products, subsequently announced by the Government pursuant to the Emergency Price Control Act, were such as to bring the agricultural commodity below the support or floor price level. Farmers meanwhile had planted record crops of soybeans, peanuts, and flaxseed.

So as to make good on the promised support or floor prices and at the same time preserve the price ceilings, the Commodity Credit Corporation entered into contracts with processors under which the processors agreed to pay the minimum support prices to farmers and to sell the oil meal and cake at prices stipulated by the Corporation at levels designed to maintain a favorable relationship with the prices of livestock. The Corporation on its part agreed to relieve the squeeze on processors in the amount of 1/2 cent per pound of vegetable oils, and to purchase soybeans at the support price and resell them at lower prices based on their processing value. It was also necessary in this program to ship large quantities of soybeans from the Middle West to southern, eastern, and western crushing plants, since the capacity of the mills in the Middle West was insufficient to produce the record quantities of oil and meal needed in the war program. This entailed shipping and storage expenses which were absorbed by the Commodity Credit Corporation.

The cost of maintaining the supporting prices and price ceilings and making adjustments between areas to utilize fully the plant capacity is expected to total \$28,216,711 for 1942. In view of the even greater need for vegetable oilseeds in 1943 and the higher prices prevailing for alternative crops, support prices for the 1943 oilseed crops have been increased, and on the basis of existing ceiling prices, it is probable that there will be losses in connection with the 1943 crops, particularly peanuts, substantially greater than in connection with the 1942 crops of oilseeds.

Feed wheat: As in the case of the vegetable oil crops, it became necessary after Pearl Harbor to step up sharply the production goals for meats, milk and eggs. To help farmers expand the production of these products the Corporation offered to sell 100,000,000 bushels of wheat for feed at prices in favorable relationship to the prices of livestock, dairy and poultry products. The wheat was to be drawn from the large granary supplies which had been accumulated in previous years of good crops. The price of

cracked wheat delivered to producers was the 1941 wheat loan value at point of delivery or the Commodity Credit Corporation sale price for corn per bushel at point of delivery (whichever should be lower). Not all of this wheat was sold prior to the end of the fiscal year 1942.

In July 1942 Congress authorized the Corporation to sell 125,000,000 bushels of wheat for feed during the 1943 fiscal year at not less than 85 percent of the parity price of corn. By now the numbers of livestock and poultry were the largest on record, and unprecedented quantities of feed were required to help satisfy the wartime needs for livestock products. Despite record supplies of feed grains and byproduct feeds in 1942-43 great quantities of wheat were also fed. By March 1943, the Corporation had sold out the entire offer of 125,000,000 bushels of feed wheat.

By joint resolution of Congress in March, the Commodity Credit Corporation was authorized to increase the sale of feed wheat to 225,000,000 bushels and the minimum price was increased to the parity price of corn. By early June the additional quantity of 100,000,000 bushels had been sold, and it is expected now that Congress will further increase the authorization an additional 30,000,000 bushels to take care of feeding requirements during the remainder of the current fiscal year. The cost of the 1942 feed wheat program through June 30, 1943, is expected to total approximately \$88,000,000.

Grain alcohol: To facilitate the production of industrial alcohol for the manufacture of explosives, the Commodity Credit Corporation, in cooperation with the War Production Board, the Office of Price Administration, and the Defense Supplies Corporation, in January 1942 inaugurated a program for the sale of Government-owned stocks of corn and wheat to distillers at specified prices in line with ceiling prices established by the Office of Price Administration. Besides conserving sugar and molasses in the production of war alcohol, the use of granary stocks of corn and wheat for alcohol production would yield additional quantities of byproduct feed for livestock. During the year, arrangements were made with distillers for the use of proportionately larger quantities of wheat in the mixtures of grain for distillation; during the last quarter of 1942 the contracts with processors provided for the use of equal quantities of corn and wheat. Meanwhile a process had been developed which made possible the salvaging of large quantities of mill feed for livestock production and during the first quarter of 1943, wheat was offered to millers for the production of granular flour for sale to distillers at specified prices. During the second quarter of 1943 the sale of corn for manufacture into industrial alcohol was discontinued and the price for wheat was based upon the ceiling price of corn. From January 1942 through April 30, 1943, the Corporation sold about 30,000,000 bushels of corn and 33,000,000 bushels of wheat for manufacture into industrial alcohol. Losses in connection with these sales through June 30, 1943, are expected to total \$27,700,000.

Coffee and cocoa: In May 1942, the Corporation was designated as the Government agency for the importation of most agricultural commodities. These commodities include a wide variety of fats and oils, coffee, cocoa, and many other products. Practically all of the operations are self-supporting, the principal exception being coffee and sugar. In order to maintain domestic ceiling prices on coffee the Corporation pays a part of the increased ocean transportation cost of importing coffee into the United States. All coffee is brought into the country by importers who hold licenses issued by the Corporation. After a shipment is completed and all costs of making the ship-

ment are known, the importer bills the Corporation for the costs of war risk and marine insurance and ocean freight which are in excess of normal peacetime rates. The Corporation also pays 75 percent of any excess rail freight charges incurred on shipments within the United States due to diversion of shipments from normal ports of entry. The cost of the coffee program through June 30 will total \$1,495,000.

In connection with importations of cocoa the Corporation assumed the loss on cocoa contracts acquired by the Corporation at the beginning of the program in July 1942. The methods of making payments to importers were the same for cocoa as for coffee, except that the importers of cocoa were not licensed. The cost of the cocoa program, most of which was incurred at the beginning of the program, totaled \$635,289.

Sugar: All sugar imported by the United States is under the control of the Corporation, the Corporation paying the increased costs of marine and war risk insurance, ocean freight, handling charges, and internal rail transportation in order to permit sugar to be sold to consumers at existing ceiling prices. The Corporation is also paying for the same purpose the increased costs of internal rail transportation on sugar produced within the United States. The excess costs of importing foreign sugar and of moving foreign and domestic sugar within continental United States are absorbed by paying bills covering such costs submitted by refiners and distributors who have carried out the actual importation, refining, and distribution of sugar for consumption. Estimated expenditures under this program through June 30, 1943, total \$10,416,605.

In addition to the operations carried out during the current fiscal year a price support program has been announced in connection with the 1943 sugar-beet crop. Under this program sugar beets will be purchased from processors at an average price of \$11 per ton, and then resold to processors at an average price of \$9.50 per ton, if ceiling prices on sugar continue at their present level. Under this program, the processors must agree to pay producers an average price of \$11 per ton for beets.

Pork purchase program: To relieve the "price squeeze" on small packers, growing out of ceiling prices on hog products and rising prices on hogs, and to assure continuing large supplies of pork products to be processed from the record 1942 spring pig crop, the Corporation, in September 1942, offered to buy pork from small packers up to 60 percent of their total pork production at lend-lease prices plus a consideration payment of 25 cents per 100 pounds live weight for each full 25 cents by which the 7 market average for barrows and gilts exceeded \$13.50. Market prices ultimately worked out more favorably for small packers, and only one packer took advantage of the program, the cost of which has been slightly less than \$400. This program has now been discontinued.

Fluid milk: The Corporation instituted in October 1942, at the request of the Office of Price Administration, and upon approval by the President, a purchase and resale program designed to reconcile milk prices to farmers under milk marketing orders and ceiling prices under which dealers operated, and thereby maintain production in the New York metropolitan area. Milk purchased by dealers at the prices dealers were required to pay farmers under the milk marketing order was purchased by the Corporation at these prices and then resold to the dealers at prices commensurate with the ceilings. The dealers had made a showing that they could not pay farmers the order prices and at the same time remain within the ceiling prices. In November a similar program was instituted in the Duluth-Superior (Minne-

sota-Wisconsin) marketing area, and in December the program was extended to Chicago.

On January 1, 1943, these programs were superseded at the request of the Office of Economic Stabilization by a temporary increase (until April) in the Office of Price Administration milk price ceilings, pending the development of a program of milk marketing economies to be worked out by the Secretary of Agriculture. On March 30 the Office of Price Administration announced continuance of the higher ceilings until economies in distribution should be put into effect.

On April 1, the Office of Price Administration and the Department of Agriculture announced temporary approval of increases in milk prices at both the producer and retail levels in Washington, D. C., Philadelphia, and Baltimore area, following hearings showing the need for increased prices to farmers. The President thereafter issued the hold-the-line order, and on April 15 the War Food Administration announced that milk prices in these three areas would be stabilized at existing retail levels through a program similar to those described above under which farmers would receive the increases approved as of April 1, the losses to be absorbed by the Commodity Credit Corporation. The program was subsequently extended to the Alexandria, Va., Harrisburg, Pa., and Wilmington, Del., areas.

These milk programs will involve losses through June 30, 1943, of \$3,431,725.

Cheese: The Corporation announced in December 1942 that it would buy all American cheddar cheese delivered to factories, on the basis of 27 cents per pound at Plymouth, Wis., and then resell the cheese to factories at 23¼ cents. An extra one-fourth cent per pound is being paid on cheese having a moisture content of 35¼ percent or less. Under this program, designed to stimulate the production of cheese and to hold down the prices to consumers, the factories are required to pass on to farmers the difference between the sale and repurchase price. The cost of this program through June 30 will be about \$10,228,555.

Dairy cattle: In the fall of 1942, because prices of dairy cattle in some areas were below beef cattle prices, dairy cattle were being sent to slaughter. In January 1943, the Corporation, in cooperation with the Farm Security Administration, instituted a program designed to keep dairy cows in production by buying cattle suitable for dairy production at beef-cattle prices and selling them to other dairy farmers at dairy-cattle prices. The estimated cost of this program through June 30 will total \$352,000. Dairy-cattle prices have now advanced and this project has been discontinued except for the purchase of heifers to prevent the sale for veal. It is expected that the purchase of heifers will be made at prices that will not result in a loss to the Corporation from their resale.

Corn price adjustment: In April 1943, the Office of Price Administration increased the ceiling price of corn in the surplus producing area from \$1.02 per bushel to \$1.07 per bushel, Chicago. The former ceiling of \$1.02, basis Chicago, for eastern and southeastern areas was maintained. To facilitate the movement of corn from surplus to eastern and southeastern deficit areas where feed is needed to maintain dairy and poultry production, the Corporation offered to purchase corn at the prices prevailing in the surplus area and resell such corn on the basis of the ceiling prices in the deficit areas. The program applied originally only to whole grain, but in May it was extended to the corn content of shipments of mixed feed as well. It is estimated that the loss to be absorbed as a result of this operation through June 30, will total \$1,500,000.

Dry beans and peas: A loan and purchase program designed to increase the production of dry beans and peas as needed sources of

vegetable protein for civilians, armed forces, and our allies has been announced in connection with the 1943 crops. The Commodity Credit Corporation will make loans on 1943 crop thresher-run beans and peas of all classes (except tepary and mixed beans) stored on farms or in warehouses, and has offered to purchase beans and peas at prices specified in a War Food Administration announcement dated April 7. The purchase prices announced for 1943 crop beans are higher than existing Office of Price Administration ceilings, and if the Office of Price Administration ceilings are not increased for 1943 beans, the difference between the support prices and ceiling prices will be absorbed by the Commodity Credit Corporation through purchase and resale operations. On the basis of current support and ceiling prices, losses on 1943 crop beans to be used for domestic civilian consumption are estimated at \$10,000,000.

Processed vegetables: In January 1943 a price-support program for vegetables for processing was announced. Because of increased production costs growers were assured of prices roughly 25 percent higher than 1942 prices. For tomatoes the support prices for 1943 averaged \$24.25 per ton for the country as a whole, compared with \$19.37 in 1942. Comparative prices for other crops are as follows: Green peas, \$81.50, compared with \$63.93; sweet corn \$18 compared with \$13.50; snap beans \$91 compared with \$75.38. Commodity Credit Corporation will purchase that portion of the pack sold for civilian use at the 1943 support prices and resell to processors at the 1942 season average in order to maintain the present price ceilings. An amount of \$25,000,000 has been allocated to absorb losses on vegetables packed for the civilian trade from the 1943 crop.

CAMPAIGN FUND-RAISING DINNER AT THE DUQUESNE CLUB OF PITTSBURGH

Mr. DAVIS. Mr. President, yesterday my noble colleague [Mr. GUFFEY] made reference to a dinner to be held tonight in the Pittsburgh, Pa., Duquesne Club, at which the Republican National Chairman, Mr. Spangler, is to speak. In his efforts to impress the world at large with the awful evil of such a thing, the Senator attempted to use the biblical feast of Belshazzar as an apt analogy. By deftly avoiding the complete context of the story, and setting forth but a few well-chosen verses, he attempted to hold this meeting, and all who will attend it, up to the light of public ridicule and contempt.

But let us consider the whole context of the story. Belshazzar was a ruler, who feted and feasted his followers and officialdom from the funds in the public coffers, collected from the taxpayers of the land. My colleague is a member of that modern officialdom which has, over the years, increased both the number and scope of that class which is salaried and sustained by the public funds, which in turn are collected from the taxpayer.

The banquets held by this officialdom, with which my colleague is not unfamiliar, were really Belshazzarian affairs. They were attended by the high and low of officialdom, and those who attended plunked down their \$100 stipend before they could even sit at the table. That stipend, incidentally, originated with the hard-working taxpayers of the land, and it was routed through the United States Treasury to the members of that officialdom as wages and salaries, and then poured back into the party coffers to be spent in securing the continued and un-

interrupted power of those identical forces of officialdom, of which my colleague is one. Such, indeed, were the feasts of Belshazzar.

How different from this is the dinner to which my colleague has referred. I will not attend the dinner. I have not been invited. I am not a member of the club. But the men who will attend that banquet tonight are not sustained by the public funds. Quite the contrary. They are men of enterprise and courage, who have achieved success in life and respect among their fellows through hard work and continued application to a worthy task. Though these men have never seen fit to endorse me in any great numbers when I have aspired to public office, they are nonetheless worthy American citizens. I sincerely trust that men and women of all parties will never be denied the privilege and opportunity of meeting with their chosen representatives, and reviewing with them the problems of the times. For if ever that privilege is denied, the American system of constitutional government will likewise be denied.

But getting back to the story of Belshazzar in the book of Daniel, we find, as my colleague stated yesterday, that "they drank wine, and praised the gods of gold, and of silver, of brass, of iron, of wood, and of stone." That might well have been—in the present case—sometime before last November, when the present officialdom was riding uninterruptedly along secure, it thought, even from the people.

We are informed in the next two verses that some handwriting was seen to appear upon the wall, and that "the king's countenance was changed, and his thoughts troubled him, so that the joints of his loins were loosed, and his knees smote one against another." These words rather well describe the state of my colleague after the election returns for last November were in and posted.

The story goes on to tell us that Belshazzar and his courtesans were vexed and troubled that they could not decipher the handwriting on the wall. How like the present day that is.

In yet a later verse of the story we find:

And this is the writing that was written, mene, mene, tekel, upharsin.

This is the interpretation of the thing: Mene—God hath numbered thy kingdom, and finished it.

Tekel—Thou art weighed in the balances, and art found wanting.

These could well be the sentiments of the present day.

Finally we are told that the handwriting on the wall was prophetic, indeed, and that the kingdom of Belshazzar was lost.

The handwriting is again on the wall. My colleague knows it. In his despair and bewilderment he has seized upon this particular dinner—which I am reliably informed will cost the truly tremendous sum of \$2.75 a plate—as an occasion to vent his temper and to throw some stones.

Quite aside from the story of Belshazzar, I am told that there is an old proverb about men who live in glass houses.

LEST WE FORGET—THE HOME FRONT

Mr. TOBEY. Mr. President, the Nation is engaged in a great war, which in its last analysis is a war for our survival, nothing short of that. Too many minds in America conceive the war effort in terms of the operations of the armed forces of this Nation—the military, naval, and aircraft strength of the country. Oftentimes I think we forget some of the agencies created here at home whose prime function is to aid in winning the war. I have several in mind. The Congress, in its wisdom, is cutting appropriations for many such agencies. I do not criticize that policy, but before we cut to the bone appropriations for some of the agencies, before we thus force some of them out of existence, I wish to bring to the attention of the Congress an article placed in my hands today by a thoughtful citizen of my State, which impressed me very greatly, and which I think is a timely message to the Senate of the United States. The title of it is "Lest We Forget," and I ask that it be printed in the RECORD at this point, as a part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

LEST WE FORGET

"Home front sags dangerously," says the Senate War Mobilization Committee in a headline of the Washington Post, June 22, 1943. "Our troubles are due," states this committee to—

"1. Lack of centralized direction of the war effort.

"2. Failure to mobilize fully the will and energies of all groups."

Just as these charges are made, the appropriation for a major centralizing and mobilizing agency is laid on the chopping block. From the \$5,600,000 budget of the Office of Civilian Defense the amount necessary to carry on civilian war services is eliminated by the House of Representatives. The House has voted to remove the central mechanism for directing a most important group—the millions of volunteers who are doing the things that make a country strong for war. The prospect for those whose will to win can be expressed only by nonmilitary service is dismal indeed without the driving power that comes from organization, from volunteer offices that locate manpower and route it to vital areas of need, from committees of citizens that the special and informed interest in problems that vex thousands of communities, from the over-all community planning that will fall apart in many places when civilian war services are officially labeled as nonessential by the Congress. When the House votes 345 to 0 to spend seventy-one billions for the Army after refusing one and six-tenths millions for the Army of civilian war workers (1/44,375) we can hardly wonder why the home front is sagging.

Americans have never sagged when they have been fully informed. On the home front we are not an invincible America because we are not an informed America. As long as strikes, race riots, black markets and internal confusion fill the air we are anything but invincible. Our industrial production is making possible the favorable news from the military front. We started into this war with a long record of unity and industrial proficiency. But no nation can survive the turmoil that is building up in America this moment; gargantuan appropriations for arms only postpone the awful day of reckoning. Before our disunity reaches the stage of decisions that are irrevocable and from which

there is no retreat, let us do everything in our power, use every channel, for bringing genuine understanding of what we are up against to every last American citizen; and let us give him every opportunity to invest not only his money, but his time and energies in the winning of this war. The effect on the total morale of the country, which is directly related to "sagging," of the work of volunteers in civilian war services cannot be overestimated. For not only are there millions who feel deeply the relation between military success and community welfare as evidenced by the billions of hours they cheerfully give to keeping the home front strong, but these volunteers have a tremendous lifting power on all the rest of the population. To cast aside this upsurge of patriotic effort because of economy reasoning, would seem to approach the acme of shortsightedness and to deny one of the most obvious facts that this cruel war has taught us—namely that the mailed fist becomes a lily pad without the strong blood and controlled nerves of a unified body.

The home front sags. What are we doing about it? What if it sags further? Do we prop it up by estranging a large part of the population from the war effort at home? Do we strengthen it by wiping out a successful device for pulling together Federal war programs as they relate to the use of volunteers in local communities, and for giving support to the local efforts to bring order out of chaos?

Unless the Senate restores the appropriation asked by the Office of Civilian Defense for Civilian War Services, we can expect more sagging—and we will pass up the biggest bargain in man-hours of important work that this expensive war offers.

CONTINUATION OF COMMODITY CREDIT CORPORATION

Mr. BANKHEAD obtained the floor.

Mr. McNARY. Will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. McNARY. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. OVERTON in the chair). The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Alken	Hatch	Revercomb
Andrews	Hayden	Reynolds
Ball	Hill	Robertson
Bankhead	Holman	Scrugham
Bilbo	Johnson, Colo.	Shipstead
Bone	Kilgore	Smith
Brewster	La Follette	Stewart
Bridges	Langer	Taft
Brooks	Lodge	Thomas, Idaho
Butler	McCarran	Thomas, Okla.
Byrd	McClellan	Thomas, Utah
Capper	McKellar	Tobey
Caraway	McNary	Truman
Chandler	Maloney	Tunnell
Chavez	Maybank	Tydings
Clark, Mo.	Mead	Vandenberg
Connally	Millikin	Van Nuys
Davis	Moore	Wagner
Downey	Murdock	Wallgren
Eastland	Murray	Walsh
Ferguson	Nye	Wheeler
George	O'Daniel	Wherry
Gerry	O'Mahoney	White
Gillette	Overton	Wiley
Green	Pepper	Willis
Guffey	Radcliffe	Wilson
Gurney	Reed	

The PRESIDING OFFICER (Mr. TUNNELL in the chair). Eighty Senators having answered to their names, a quorum is present.

Mr. BANKHEAD. Mr. President, I move that the Senate proceed to the consideration of Senate bill 1108, Calendar No. 289, which provides for extending the

life of the Commodity Credit Corporation.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The CHIEF CLERK. A bill (S. 1108) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and to provide for an audit by the General Accounting Office of the financial transactions of the Corporation, and for other purposes.

Mr. McNARY. Mr. President, I rise only to express the hope that the Senate will agree to take up the Commodity Credit Corporation bill.

Mr. AIKEN. Mr. President, I desire to ask the Senator from Alabama or the minority leader, or both, if an agreement has been reached as to the procedure in connection with consideration of the bill and, if so, what it is. My reason for making the request is that at least three amendments have been proposed to the bill, and none of them is printed. So far as I am concerned, I should like to have them printed in order to have an opportunity to read them before being called upon to vote on them. That is why I ask whether an arrangement as to procedure has been made.

Mr. McNARY. Mr. President, I think I can answer the Senator's inquiry. The very distinguished and accommodating senior Senator from Alabama [Mr. BANKHEAD], the Senator in charge of the bill, conferred with me, as also did the able senior Senator from Ohio [Mr. TAFT].. We came to an agreement that today the able senior Senator from Alabama would explain the purpose of the bill, the Senator from Ohio would discuss the measure generally, and such other Senators as are in possession of facts and are ready to proceed with a discussion of them would do so, and that the other matters regarding amendments would not come up until tomorrow. We all expressed the hope that tomorrow it would be possible to obtain a final vote in the afternoon.

Mr. BANKHEAD. Mr. President, that statement conforms with my understanding of the situation.

Mr. CLARK of Missouri. Mr. President, will the Senator from Alabama or the Senator from Oregon, whichever one has the floor, yield to me? I desire to ask a question.

Mr. BANKHEAD. I yield.

Mr. CLARK of Missouri. Mr. President, may it be understood that there will be no vote today on controversial amendments?

Mr. McNARY. Mr. President, I tried to express the thought, but probably did not succeed in doing so as explicitly as has the Senator from Missouri, that there will be no votes at all today on amendments.

Mr. CLARK of Missouri. I do not desire to discuss the bill generally; but I have an amendment which I propose to offer for one of the committee amendments, and I do desire to discuss that amendment when the committee amendment comes before the Senate for consideration. A number of other Senators

have expressed to me the desire that no votes be had today on controversial amendments.

Mr. McNARY. I can assure the Senator that there will be no votes on his amendment, the Taft amendment, or one to be offered by the able senior Senator from Ohio in conjunction with an amendment of the able Senator from Vermont. Is that sufficient assurance?

Mr. CLARK of Missouri. Yes, Mr. President.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Alabama [Mr. BANKHEAD] that the Senate proceed to the consideration of the bill.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 1108) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and to provide for an audit by the General Accounting Office of the financial transactions of the Corporation, and for other purposes, which had been reported from the Committee on Banking and Currency with amendments.

Mr. BANKHEAD. Mr. President, at this time I desire to make a very general statement about the bill and the outstanding issue involved in it. The primary purpose of the bill is the continuance of the life of the Commodity Credit Corporation. Let me say in the beginning that I look upon the Commodity Credit Corporation as the most helpful, the most useful, and the most necessary agency of the Government in aid to agriculture and to the farmer. The Commodity Credit Corporation was organized in 1933, as I recall, when the first cotton loan and the first corn loan ever made by the Federal Government were authorized. The Commodity Credit Corporation was organized to carry out and to administer those loans.

From time to time additional duties and responsibilities have been imposed upon the Commodity Credit Corporation. It is the only agency authorized to provide loans upon the basic and semibasic and comparable agricultural commodities, and in a position to do so. In some respects it is similar to the Reconstruction Finance Corporation, in that the Reconstruction Finance Corporation has all such powers with reference to business and industry and individuals who are not engaged in agriculture.

So, Mr. President, in the first place in view of the fact that the life of the corporation will expire on the 30th of June, I regret that such a controversial subject as the subsidy has been drawn into issue. The Committee on Banking and Currency, which always has had jurisdiction of Commodity Credit Corporation legislation, held hearings on the original bill, and then met in executive session for the purpose, as I supposed, of reporting the bill. When the committee met in executive session, although there had been no intimations in the hearings that the issue might be projected, an amendment was offered which now is contained in modified form in section 5 of the bill as reported by the committee.

So, Mr. President, the bill went to the calendar, although we had held no hearings at all upon the subject of subsidies or upon the effect the section might have upon either the general program of the Commodity Credit Corporation or the activities of the Commodity Credit Corporation in carrying on a program to increase war production. Consequently, even with the bill on the calendar, I called meetings of the committee in the absence from the city of the able chairman of the committee. I was the ranking member, and the member in charge of the bill; and the chairman of the committee turned over to me the right to call meetings of the committee. I called a meeting of the committee, and we commenced hearings, and held hearings for 4 or 5 or 6 days, on the subject of subsidies. Those hearings were very interesting. Able men representing different viewpoints on the subject came before the committee and gave their views, and were subjected to cross-examination by numerous members of the committee. Those discussions and those hearings and the presentation of the views from the different standpoints of the witnesses who came before the committee were very informative, as I say.

Mr. President, we considered the whole problem at great length. We did not limit our consideration to the provisions of the amendment which had been included, but we went into a general consideration of the whole problem of subsidies, both those for agricultural purposes, those for industrial purposes, and those for the conduct of the war effort.

Finally, at a meeting of the committee held this morning to consider whether or not, as a result of the hearings had in further consideration, a majority of the members of the committee desired to present there any different views or any amendments which would change the original amendment which brought about the controversy, we went into a discussion in executive session. The discussion was very largely founded upon an amendment by the very able senior Senator from Ohio [Mr. Taft], which had been given to the press and which was understood in a general way by many members of the Senate. As most of us know, the Senator from Ohio was a part of the Hoover food administration. At that time he gained very wide experience. The Committee on Banking and Currency, in the consideration of the price-control laws which have been passed, had the benefit of the Senator's experience on all the problems of food production, price control, and food distribution. We profited by it. The Senator has been in direct and intimate contact with this whole subject. He was at that time, and has been throughout the consideration of the two price-control bills which Congress enacted.

I think I can say properly and correctly that every member of the Committee on Banking and Currency has very great respect for the knowledge, information, and judgment of the senior Senator from Ohio upon the food problem. I say that although he sits on the other side of the

aisle. I made a similar expression about Mr. Herbert Hoover. I found myself very much in accord with his views when the price-control measure was before us, and I did not hesitate to express that view.

At any rate, we took the Taft amendment, as it has been called, as a basis for consideration in the committee this morning, with some amendments offered by me changing the amount in the Taft amendment. The discussion lasted for an hour and a half, in a perfectly friendly and harmonious way, with good attendance, and with all members, in my judgment, doing their best, giving their best thought, with the best motives and intentions, to bring about something which would be in the public interest and for the welfare of the country at this time, when threatened inflation and other problems hang over us. In that attitude and spirit of adjustment we finally reached a conclusion which is written into what is known as the Taft amendment. It was generally agreed to, although there were some reservations by members of the committee of the right to vote against any subsidy at all. However, if any subsidy is to be continued, I think I am safe in saying that this amendment is agreeable to all the members of the committee who were present.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. AIKEN. The Senator has stated that the amount in the Taft amendment was changed in the committee. Will he tell us what the amount was and to what extent it was changed?

Mr. BANKHEAD. Yes. I think it might be well to have the amendment read.

I ask unanimous consent to have the amendment read by the clerk.

The PRESIDING OFFICER. Without objection, the amendment will be read for the information of the Senate.

The CHIEF CLERK. On page 5, beginning with line 16, it is proposed to strike out through line 12, on page 6, and insert in lieu thereof the following:

SEC. 5. Notwithstanding the provisions of section 2 (e) of the Emergency Price Control Act of 1942, or other provisions of law, neither the Commodity Credit Corporation, the Reconstruction Finance Corporation, its subsidiaries, nor any other Government-owned corporation, shall pay any subsidies or purchase any commodities for the purpose of selling them at a loss, or borrow any money to be used for such purpose, nor shall any appropriation heretofore or hereafter made by the Congress be used for any such purpose except as provided in this section or hereafter expressly authorized by the Congress.

(a) The Reconstruction Finance Corporation is authorized to borrow money and pay to shippers of commodities or others the increased costs of transportation resulting from the war emergency.

(b) The Reconstruction Finance Corporation is authorized to borrow money and to pay subsidies relating to, or purchase for the purpose of selling at a loss, strategic and critical materials necessary to the manufacture of equipment and munitions of war for the United States Government or any of the United Nations, and to subsidize the high-cost production of minerals to increase the production thereof.

(c) The Reconstruction Finance Corporation is authorized to borrow not to exceed \$500,000,000 and to use or allocate any part of said sum prior to July 1, 1944, to pay subsidies or purchase commodities for the purpose of selling them at a loss, in order to obtain the maximum necessary production of such commodities or to prevent price increases thereof. All commitments heretofore made for such purposes shall be fulfilled out of the sum authorized herein and no further commitments shall be entered into hereafter with any producers, processors, manufacturers, or distributors which cannot be fulfilled out of said sum.

(d) The Commodity Credit Corporation is authorized to borrow not to exceed \$175,000,000, and to use or allocate any part of said sum prior to July 1, 1944, to pay subsidies or purchase commodities for the purpose of selling them at a loss, in order to obtain the maximum necessary production of such commodities or to prevent price increases thereof. All commitments heretofore made for such purposes shall be fulfilled out of the sum authorized herein, and no further commitments shall be entered into hereafter with any producers, processors, manufacturers, or distributors which cannot be fulfilled out of said sum.

(e) The President may transfer any part of the sum authorized under paragraph (c) hereof for use under paragraph (d), or any part of the sum authorized under paragraph (d) for use under paragraph (c). The Reconstruction Finance Corporation may exercise any of the powers conferred herein through any of its subsidiary corporations.

(f) Nothing herein shall be construed to prevent the making of parity payments, soil-conservation payments, or benefits to sugar growers, or the sale of feed wheat, as authorized by existing law.

Mr. AIKEN. Mr. President, will the Senator yield for a question?

Mr. BANKHEAD. I yield.

Mr. AIKEN. Yesterday the Senator from Ohio [Mr. Taft] gave me a copy of his proposed amendment, which was submitted to the Banking and Currency Committee this morning, and amended in committee. It appears that the amount which the Reconstruction Finance Corporation is authorized to borrow has been increased from \$250,000,000 to \$500,000,000, and the Commodity Credit Corporation is authorized to borrow \$175,000,000. That is a very substantial addition to the amount which the Senator from Ohio originally proposed. I wonder if the Senator from Alabama can tell us what prompted the committee to make the increase of several hundred million dollars in the authorization?

Mr. BANKHEAD. I shall be very happy to undertake an explanation, because I sponsored the increase, which was agreed to by the committee.

My philosophy about the situation is that on the subject of agricultural production or price control we should not have a general, across-the-board subsidy program, such as that in operation in Canada and Great Britain. On the other hand, however, I believe that there are times and conditions under which subsidies are advisable on specific commodities and to carry out specific purposes. Merely because a strong wind of opposition has blown up, I do not believe that we should blindly condemn or put under absolute prohibition practices which have been engaged in by the Government over a period of years, practices in which I

participated, and in which my good friend from Vermont participated.

We all know that we entered the period of the depression when prices of agricultural commodities, particularly, were pressed down by reason of circumstances entirely beyond the control of the producer. I shall not go into the numerous circumstances which caused such conditions. We know that the farmers were put at a very great disadvantage in comparison with other workers. They were put at such a great disadvantage that they became the lowest-paid major group of workers in all the country.

When the depression came, we had no way of fixing prices by law, because the question of supply and demand—the old, fundamental law—was involved. In making an economically sound proposal it is always necessary to consider that great law. So what occurred? I know the Senator is well advised concerning it. I know most of the other Members of the Senate are well advised on the subject. We undertook in the main to find some way—and we did it without party division, I am pleased to say—by which the incomes of farmers could be brought nearer into line with the incomes of industrial workers, and of the general masses of the people.

The solution which we first fell upon was the parity payment program, appropriations for parity payments to help equalize the incomes of the farmers, to help give them a larger purchasing power, and a larger debt-paying power, in order that they could contribute their part in starting the wheels of industry throughout the country. They were down and out, with their backs to the wall. So we established the program of parity payments through appropriations of the Government, based upon the idea of lifting them up from time to time until their incomes should reach parity level, and then discontinuing the program.

If that was not a subsidy, I do not know what a subsidy is. In fact, the definition of subsidy is of paramount importance when people are blindly and broadly opposed to subsidies in all forms.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. AIKEN. The subsidies of which the Senator speaks are appropriate for agricultural appropriation bills. What I hoped he would tell us, and what I asked him to tell us, was how this amount happened to be raised this morning by several hundred million dollars.

Mr. BANKHEAD. I will give the Senator the information which he desires.

I will not take the time to go into the second subsidy program which Congress adopted for the farmers. We had many subsidy programs for industry, business, and manufacturers. Some have argued that parity is a subsidy. I shall not go into that subject; it is too controversial. However, as the Senator well knows, there have been subsidies for many other industries.

So certain plans were made, not on the basis particularly of parity, because that was not involved. I merely mentioned parity appropriations as an il-

lustration, and to point out that most of us have voted year in and year out for subsidies through parity appropriations, and for the same reason we have voted—we did so a few days ago—to increase the amount of soil conservation and domestic allotment appropriation by \$100,000,000. The matter is still pending in the other House. We did so notwithstanding the charge made here and there that that was a subsidy. Many voted against it on the ground that it was a subsidy.

Mr. AIKEN. I assure the Senator that I voted for it.

Mr. BANKHEAD. I know the Senator voted for it. He nearly always votes soundly, from my viewpoint, when the subject of agriculture is involved.

Mr. AIKEN. I believe Congress should authorize all subsidies if they are to be paid, and I would vote for some of them. I do not believe they should be left to the executive department to apply here and there as the whim may move it.

Mr. BANKHEAD. Two phases of this problem are involved in the bill. One is the R. F. C. In the R. F. C. a number of plans have been put into operation during the war, which are still in operation, such as the payment of subsidies to transport coal and oil to the East. In other words, the Government appropriates very large sums of money to pay the increased cost involved in the transportation of those commodities to the points where they are sorely needed. So far as I know, there has been no opposition from any section or group of people to the payment of those transportation subsidies in order to equalize the cost of supplying coal and oil to the people of certain sections. That is something that is in the R. F. C. program. It is included among the activities in which the R. F. C. has engaged, a list of which was read from the clerk's desk.

Mr. AIKEN. However, that could not have been the reason for raising the amount to which I have referred.

Mr. BANKHEAD. No; but I cannot tell the story all in one breath. Give me time. Be patient, my friend.

Let us come to the Commodity Credit Corporation. I have merely tried to give a few illustrations. I am not attempting to exhaust the subject, as the Senator well understands. The amount first suggested by the Senator from Ohio was \$100,000,000. When he proposed his figures, I thought they were tentative. At any rate, there is a reason why the figures were increased. A proposal with reference to the treatment of the commitments heretofore made by our Government was submitted and agreed upon in the committee.

Coming to the Commodity Credit Corporation, the Senator is familiar with the Steagall Act. I have a copy of it before me, and I shall read the section to which I refer so there may be no misunderstanding about it. It is as follows:

Whenever during the existing emergency the Secretary of Agriculture finds it necessary to encourage the expansion of production of any nonbasic agricultural commodity, he shall make public announcement thereof and he shall so use the funds made available under section 3 of this act or otherwise made available to him for the disposal

of agricultural commodities, through a commodity loan, purchase, or other operation, taking into account the total funds available for such purpose for all commodities—

Taking into consideration the amount available—

so as to support a price for the producers of any such commodity with respect to which such announcement was made of not less than 85 percent of the parity or comparable price therefor.

Mr. AIKEN. What particular commitments did the committee have in mind when it raised this appropriation or authorization up to \$500,000,000?

Mr. BANKHEAD. Let me get through with the Commodity Credit Corporation first. Let us finish that, since we have come to it, and not move away from it. Then we will take up the other matters.

The Commodity Credit Corporation, in pursuance of the specific authorization which it has followed from time to time, and in view of the very urgent insistence on an increase in the production of food for war purposes undertook to bring about such an increase. The Senator has not forgotten the cry which was raised on the floor of the Senate, in the committee having to do with manpower and in the Committee on Appropriations, of which the junior Senator from Illinois [Mr. Brooks], who sits in front of me, is a member—he has not forgotten the very insistent demand, the cry of alarm about the food situation and food prospects. So, not only because the law expressly authorized it, but in compliance with an outstanding public clamor and demand, the Department undertook to bring about an increase in the normal production of certain important and essential food crops.

Take the case of peanuts. The price offered last year proved to be totally inadequate; it did not pay the actual expenses of production. The farmers took land out of cotton production, out of corn and other production because the Government asked them to increase their peanut acreage. As a result they lost money, and the Department finally, after a thorough investigation, so ascertained. As we moved along in the march of time, when it became more apparent and more generally recognized that there is danger ahead regarding the food supply, the Secretary of Agriculture went to the farmers this year and, with the law behind him and the need recognized, said, "We want an increase of a certain percentage in the production of peanuts so that we may obtain peanut oil"—which is one of the most valuable of the vegetable oils—"and if you will increase your acreage we will pay an additional price"—which was specified—"for your peanuts." In compliance with that offer—

Mr. WILLIS. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. WILLIS. Was the price of peanuts put at the parity price?

Mr. BANKHEAD. There are two kinds of peanuts, the edible and the oil peanuts, as they are used in the trade. The use of peanut oil in industry is of recent origin. Farmers have been devoting their crop to edible peanuts.

The present price agreed on for edible peanuts is slightly below parity, but the parity point on oil peanuts is far below that. So it was necessary to pay above the parity price in order to get the additional acreage.

Mr. WILLIS. Was the subsidy intended to raise the price above the parity price?

Mr. BANKHEAD. To raise the quantity. In fact, there was paid for oil peanuts a price above the parity price, but it was below the price for edible peanuts.

Mr. BROOKS. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. BROOKS. I have heard no complaint about any suggestion of the Government increasing the price in compliance with the will of Congress, stated in the law, so as to develop an increased production, but does not the matter to which this bill pertains include subsidies for rolling back prices, thus causing an uncertainty in the minds of the people either as to what they will get for their products or what the consumer will pay for them? Is not that involved in this bill?

Mr. BANKHEAD. Yes; and I will come to that. I have just stated to the Senator from Vermont that I cannot deal with both sections at the same time, and I am not quite through with the Commodity Credit Corporation matter. The Senator from Vermont wanted to know why the amount available under the commodity credit program was increased, and I am about to tell him. Then, we will go back to the other proposition, which is on a different basis.

Mr. AIKEN. If \$175,000,000 is for the purpose of increasing the peanut crop—

Mr. BANKHEAD. No; not peanuts alone.

Mr. AIKEN. And hemp and flax and similar crops, I do not think we would disagree on that at all.

Mr. BANKHEAD. I do not think we will disagree when the Senator and others understand the facts about the matter.

So that there might be no misunderstanding, we obtained from the Commodity Credit Corporation through Mr. Hutson a list brought down to date of the programs which they have announced to the farmers and are now administering. It includes oil fats, such as peanuts, soybeans, and flax, and their commitment for these oils, which are so essential, amounts to \$60,000,000.

Mr. SHIPSTEAD. Mr. President, will the Senator yield for a moment.

Mr. BANKHEAD. I yield.

Mr. SHIPSTEAD. In the debate in the Senate the other day it appeared that the payment for flax and other crops the production of which it was desired to increase was to be handled under the Rural Agricultural Administration.

Mr. BANKHEAD. No; the Senator is in error about that.

Mr. SHIPSTEAD. That is what the debate was about for practically an entire afternoon.

Mr. BANKHEAD. That had reference to nonrecourse loans by the Regional Agricultural Corporation, in the effort to

develop some new crop, such as flax or soybeans, which farmers had not previously been producing. That, however, has nothing to do with the Commodity Credit program.

Mr. SHIPSTEAD. Suppose the Rural Agricultural Corporation makes nonrecourse loans; is it the idea that the Commodity Credit Corporation will come in and pay the price?

Mr. BANKHEAD. No; the Commodity Credit is paying the producers a certain price for these commodities which they would not get in the market by themselves. It is an additional payment to the market price to encourage production.

Mr. SHIPSTEAD. In addition to the nonrecourse loans made by the Agricultural Credit Corporation?

Mr. BANKHEAD. The Commodity Credit has nothing in the world to do with the nonrecourse loans.

Mr. CONNALLY. It is in the nature of a premium, is it not?

Mr. BANKHEAD. It is an incentive payment to encourage an increase in the production of certain crops.

On the list we find canning crops, \$25,000,000; beet sugar, \$25,000,000; edible dry beans, \$10,000,000; cheese, \$25,000,000; foreign commodities, that is, coffee, cocoa, and similar commodities, \$9,000,000. The total runs up in actual administration to about \$165,000,000, as I recall.

Mr. BROOKS. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. BROOKS. Is one of the items the Senator read canning crops?

Mr. BANKHEAD. Canned fruits, which are a very important item, as the Senator knows, in the diet of the people of the country.

Mr. SHIPSTEAD. Did the Senator mention cheese among the products?

Mr. BANKHEAD. Yes; cheese is listed for \$25,000,000.

Mr. SHIPSTEAD. That will help counteract the reciprocity with Canada on cheese which broke the cheese market in the United States.

Mr. BANKHEAD. I am not trying to go into all those phases of the subject. I am trying to answer the question of the Senator from Vermont. I know it was asked in good faith; I have no doubt about that; I know the Senator from Vermont too well to think otherwise; but here is a list of items which the Commodity Credit, in good faith and under the authorization of law, has included in its program. Nobody today would want to withdraw those payments, in view of the scarcity of our food supply. In that situation, because it is called a subsidy, would anyone think of condemning the program, and saying, as is proposed in some of the amendments, that none of those items shall receive payments and to none of them shall advances be made by the Commodity Credit Corporation? It is totally inconceivable to me that any intelligent Senator who understands all the facts would desire to turn down that sort of a program and leave the farmer in the lurch.

Mr. AIKEN. If the Senator will read the amendment proposed by the Senator

from Iowa and myself he will find that the things he has mentioned are all provided for in our proposed amendment. That is, we have no objection to incentive payments for the express purpose of increasing production when we must have increased production. So, if this \$175,000,000 appropriation to the Commodity Credit Corporation is for that purpose, we can have no difference of opinion on that.

Mr. BANKHEAD. If the Senator will read the amendment, he will see that the money made available to the Commodity Credit Corporation is for carrying out the programs which have already been authorized and announced, and they are given no money to venture on any other program of a similar nature, however much it may be needed. I fear we are making a mistake in providing that sort of a limitation at this time, in the middle of the year, with our food supply mounting and growing all the time, but, nevertheless, in order to bring about a fair and equitable adjustment of the conflicting views of the members of the committee—and doubtless of the Senate, upon that particular question—we have limited the Commodity Credit Corporation to the payment of the money it was authorized to obligate itself for, and to pay for nothing else.

Mr. AIKEN. I think these things have already been authorized by the Congress, but the \$500,000,000 to the R. F. C. is what I should like an explanation of.

Mr. BANKHEAD. I shall be very glad to turn my attention to that now. I know that is a very controversial question. I do not anticipate any serious contention when the facts are understood about the Commodity Credit program. I recognize that the other is much more controversial. But let me state the ground upon which I acted. I was motivated by the belief—the knowledge—that in good faith, acting under an opinion of the Attorney General of the United States, and acting in line with views theretofore expressed on this floor by the able Senator from Ohio about the legal authority, it was thought, and upon good authority, that the R. F. C. had the power to make these loans and these commitments.

Mr. AIKEN. How has the R. F. C. any choice in the matter when called upon by certain other agencies of the Government?

Mr. BANKHEAD. They may not have any choice; I did not go into that, but the requests were made, as the Senator knows, by regular agencies of the Government.

Mr. AIKEN. They came about as the result of an Executive directive.

Mr. BANKHEAD. I think so; but to me that makes the case stronger, not because of any difference in my estimate of the authority of both legislative branches, but an Executive order from the President, the head of the Government, naturally must be complied with by all the agencies of the Government. In that case, it cannot be said the action was taken by a little subordinate in the Government. It was done right at the head, and if anyone is to be criticized about it, I agree with the

Senator, the President is to be held responsible for it. Whether it is commendable or to be criticized, I have no disposition to shield or protect him in the matter.

Mr. AIKEN. I agree that he has to assume a great deal of responsibility. Nevertheless, the Congress should not abrogate its own responsibilities in this matter.

Mr. BANKHEAD. That is true, but that may not apply so much to past transactions as to future.

Mr. AIKEN. It is the future which concerns me just now.

Mr. BANKHEAD. I am now directing my remarks to the R. F. C. and the \$500,000,000 program. That program was put into operation by the President of our country. The testimony before the committee showed that to be so. It showed that the President ordered it. So, I have stated frankly to the Senator, the President is responsible for what was done. The President did it, I think, in good faith. He did it in view of his philosophy—with which I am not in full accord—that subsidies would help reduce the cost of living to the consumers. With that belief, and with the legal advice that he had the power to take the action, he caused this program to be put into effect.

It was announced all over the country, over the radio, through the newspapers, and otherwise, that a certain roll-back in prices of certain commodities would be brought about, the commodities being limited to meat, butter, and coffee.

I shall not discuss the question whether I would have made such an order or not. That is not involved. My own personal, independent judgment is not involved, as I do not think the judgments of any Members of Congress are involved at this time, under the circumstances, except in directing their action toward the future.

If the President had the color of authority—and I have not heard any serious doubt expressed about that; I have not heard much question, in the hearings or elsewhere, about his actual authority under the law to make the directive—the directive having been issued, he having gone to the country with it, having provided for a roll-back of 10 percent to the consumer in the prices of these special commodities, and having provided, through the subsidy program, that the roll-back should not reach back to the farmer, the producer—

Mr. AIKEN. Of course, the Senator understands that farm prices have already rolled back 10 percent, following the announcement of the order.

Mr. BANKHEAD. They will roll up again as soon as the facts are learned. The Senator need not concern himself about that. They rolled back on the statement of the packers that there was no adequate provision for their payment, and they quit buying, as the Senator knows, because the cash was not in hand. They have never been too cooperative with any farm program, as the western Senators know. At any rate, the whole plan provides a great benefit for consumers, a protection for processors, and a protection for the producers.

Whether that is wise in government I am not undertaking at this time

to say. I have some personal doubt about the widespread operation of it, but the cry went out from the packers that they did not know whether they were going to get the money or not. They stopped buying, according to the newspaper reports, and naturally when the purchasers were temporarily out of the market that drove down the price of the cattle offered to the packers.

Does the Senator from Vermont or any other thoughtful person believe that when the packers become fewer in number—and I believe they have now become fewer in number—and when subsidies are paid to them, they will stay out of the market and not buy every pound of beef cattle, or hogs, or any other meat animals offered to them, when there is a real competitive fight between the packers for the purchase of meat animals? Do not worry about what they will do, Senators. They will come back into the market and buy.

Mr. AIKEN. Inasmuch as the Senator from Alabama, has interrogated me, I will say that I believe fully half of the farmers of the United States will never receive the subsidy. They are prohibited by the regulations of some of the departments themselves from obtaining the subsidy. No subsidy is provided for half of them. The subsidy will go only to those who will sell to the monopolistically inclined packers.

Mr. BANKHEAD. Who does the Senator from Vermont say will never receive the subsidy?

Mr. AIKEN. Half the farmers of the United States will never receive the subsidy.

Mr. BANKHEAD. I am not expecting the farmers to receive a nickel of it, of course. It is simply expected that they shall not have the price rolled back on them, that they shall not be put to a disadvantage. This is the program I have just announced. The packers receive the money, because they are required to sell to the distributors at a 10-cent reduction, and the packers claim they cannot afford to do so. They claim they do not have sufficient margin of profit to sell at such a reduction in price.

Mr. AIKEN. The \$500,000,000 then is to permit the President to carry out his roll-back and subsidy program as regards butter, meats, and coffee?

Mr. BANKHEAD. That is exactly it.

Mr. AIKEN. I thank the Senator.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. BANKHEAD. Yes, I yield.

Mr. SHIPSTEAD. I wish to ask a question. Under what provision of law did the President begin this program without coming to Congress to obtain permission, or to obtain the money necessary to carry it out?

Mr. BANKHEAD. He did not come to Congress to obtain permission to begin this program.

Mr. SHIPSTEAD. Who did?

Mr. BANKHEAD. No one. Members of Congress went up in the air about the whole matter. The President is not asking for a thing in the world in connection with the situation. A proposal was made in Congress to stop the subsidy payments and terminate the program.

Mr. SHIPSTEAD. The program was inaugurated by the President under what provision of law?

Mr. BANKHEAD. I do not know that I have the provision before me, but the Senator from Ohio [Mr. TAIT] will probably discuss that feature. There is a provision with respect to the matter in the original Price Control Act. If it were not for the fact that in doing so I would exhaust the patience of the Senate, I would proceed to a discussion of that matter. I have the provision on my desk, but I do not care at this time to go into a detailed discussion of it. The Senator from Ohio can give a reference to the provision in the law.

Mr. TAIT. Section 5 (e) of the Price Control Act of 1942.

Mr. BANKHEAD. I suggest that the Senator kindly examine the section. I previously stated—I do not know whether the Senator was present when I made the statement—that the President had the advice of the Attorney General of the United States before acting; that he had legal authority to act. A copy of the written opinion by the Attorney General is contained in the hearings on this measure. That is the authority under which the President acted.

Mr. SHIPSTEAD. I assume, of course, that the Attorney General stated in his opinion upon what provision of law his opinion was based.

Mr. BANKHEAD. The opinion is contained in the hearings. It is the official opinion of the highest legal authority in the United States.

I shall proceed now to direct attention to the reason for the proposed increase in appropriations for the R. F. C. program, concerning which the Senator from Vermont has made inquiry. It was testified before the Committee on Banking and Currency, and I think it is admitted all around, that the R. F. C. program will cost approximately \$450,000,000 to carry on for 1 year. Of course, the R. F. C. has no legitimate place in this bill, because the bill provides for the extension of the life of the Commodity Credit Corporation. The functions of the R. F. C. and the Commodity Credit Corporation, with respect to agricultural matters, as I have previously pointed out, are along entirely different lines, and the authority under which each agency acts is different, and their actions are for different purposes. But because of the fact that some Senators were in a hurry, I assume, to get action on the subsidy question, and to stop the subsidy, if possible, as quickly as they could, what is commonly called a rider was placed on the bill including the limitation and restriction on the R. F. C. I do not criticize Senators for taking that action. They had a right to do so.

When it developed that the cost of the meat and butter program would amount to \$450,000,000—and there are some other items to which the R. F. C. is committed, which are not specified, but they are in the list which I had read at the desk—in discussing the matter before the committee today we agreed that it was well to provide a little margin above the actual

estimate of the cost of the program. So, it was my viewpoint, and certainly the viewpoint of the majority of the committee, that if we were going to do anything with respect to the matter—and I am addressing myself now to the inquiry made by the able Senator from Vermont—we should permit the Government to carry out the announced program which is now in operation, and under which the status of many persons in the last few weeks has been changed, instead of cutting off the program completely. If we are to stop a program of this sort and terminate it, we should pay sufficient respect to our Government and to its officials to complete the transaction upon which the Government has entered, especially in view of the fact that it had legal authority to undertake the program. In the meantime we are undertaking the program. In it we will find a fair test, in a small way, with respect to whether the subsidy program is of sufficient advantage for Congress to continue it.

Mr. President, if the measure in its present form is passed it will result in the termination of a subsidy program so far as any future action is concerned, so far as any new decisions are to be announced. In other words, we have cut the cloth to fit the pattern of a completed program, and then instead of cutting off the program at the end of this calendar year, or at some other time, we thought it was best to let it be carried out, if it was going to be carried out for any time at all, in line with the announcement and in line with the administration of the program. That is the reason we propose to increase the amount, because \$250,000,000, it develops, is only about half enough to carry out the program. We ought to carry it out or repudiate it.

Mr. VANDENBERG. For how long a period does the Senator refer to.

Mr. BANKHEAD. For 1 year.

Mr. AIKEN. Mr. President, the argument of the Senator from Alabama is that we should authorize the appropriation of \$500,000,000 in order to keep a promise which the President has made.

Mr. BANKHEAD. Not altogether. I do not base my contention on that ground altogether, but I do say that it is something which deserves very great consideration by Congress, regardless of what party one belongs to, or to what party the President may belong. The President is the President of the United States. He is in charge of the food production of the United States. The administration of food production is under him, through his selected agencies. He is in charge of price control and the fight on inflation. I submit that if Congress takes the action proposed by some to be taken it will, with respect to the matter of inflation, take that much responsibility off the President of the United States and assume it itself. If evil results from such action, who will be to blame? Congress, of course. If Congress decides to cut off any experimental effort, without a fair trial, simply to repudiate a program which the President has announced—

Mr. AIKEN. Mr. President, I cannot agree with the Senator from Alabama that the President had any authority whatsoever to make those promises. I am wondering if we are to be obligated to make appropriations to carry out the President's promises, regardless of whether we believe he had a right to make them. If so, what is to become of this Government of ours?

Mr. BANKHEAD. If the Senator believed the President had the right and power to make the promises, would he then favor carrying out the promises?

Mr. AIKEN. The Senator from Vermont is satisfied that the President did not have the power to do so.

Mr. BANKHEAD. That is not the question. I am asking the Senator frankly. He has debated my question. I shall not press him about it.

Mr. AIKEN. No, Mr. President; if I thought the President of the United States was going outside the law, I would favor any action of Congress to get back inside the law just as quickly as possible.

Mr. BANKHEAD. I ask the Senator this question: If the Senator decided that the President was within the law, what would he do?

Mr. AIKEN. If I thought the President was, indeed, within the law, I would support him.

Mr. BANKHEAD. I am delighted to learn that. I wish the Senator would study the law.

Mr. President, I shall not take any further time. I know that the subject is not a particularly interesting one, at least to those Members of the Senate who already have made up their minds about it. I have endeavored in a frank and straightforward way to answer the Senator's questions as to why the amount was increased by agreement of the committee. If there was a member of the committee who opposed the increase, I did not so understand. As I said, there were at least two reservations on the whole subject of subsidies; but it was recognized that if we were in good faith to carry out the program, the full amount we provided would be required. So we decided we were going to advocate the carrying out of the program in good faith, with the express provision that unless Congress hereafter changed the whole program, the present program could not be extended.

If nothing else has been accomplished, those who have opposed the subsidy have at least brought about on this subject a stop order on the Executive, after the conclusion of a reasonably small program affecting the cost of food to the people of the country.

Mr. AIKEN. Mr. President, the Senator has answered my question, and I thank him. I appreciate the courtesy he has shown in proceeding at length to explain the situation to the Members of the Senate. Furthermore, let me say that I can agree with the action of the Committee on Banking and Currency with respect to the authorization to the Commodity Credit Corporation; but I cannot agree with the \$500,000,000 appropriation to enable the R. F. C. to carry

out commitments of the President which I feel he had no right to make.

Mr. BANKHEAD. Of course, it is the Senator's right to take that position. I hope he will change his mind, and will decide that the President did have the right.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

Mr. BANKHEAD. I am glad to yield.

Mr. JOHNSON of Colorado. The more I hear of the debate, the more confused I become.

Mr. BANKHEAD. Let me ask the Senator which side he started on.

Mr. JOHNSON of Colorado. I started on the side of Uncle Sam.

Senators are considerably handicapped by having an amendment discussed without having copies of it before them, in order to enable them to follow the discussion. A few moments ago I understood the Senator from Alabama to say that under the proposed amendment, which I do not have before me, the only subsidies which would be paid would be subsidies on coffee, dairy products, and beef.

Mr. BANKHEAD. Let me say to the Senator that the original amendment of the Senator from Ohio was approved by the committee. The only changes proposed by the committee were in the amounts.

Mr. JOHNSON of Colorado. The question about which I desire clarification is this: Under the proposed amendment, on what commodities are subsidies to be paid? I understood the Senator from Alabama to say a moment ago that they would be paid on only coffee, dairy products, and beef.

Mr. BANKHEAD. I said those were the commodities involved in the R. F. C. roll-back program. I read a list of commodities.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. TAFT. There is no specification of the commodities. The amendment attempts to impose an over-all financial limitation on all subsidies. The \$500,000,000 for the R. F. C. would be practically exhausted by the coffee, butter, and meat subsidies which have been announced, if they continue for a year. However, they could be stopped after 30 days, and the money could be used for other subsidies, if it was desired to do so. The attempt has been not to impose a limitation on a subsidy on any particular commodity, but to impose an over-all limitation on all the money which might be spent during the next 12 months under the general subsidy policy.

Mr. JOHNSON of Colorado. What is the over-all limit on the total amount which is to be spent on all commodities and subsidies?

Mr. TAFT. On general subsidies, \$500,000,000 for the R. F. C., and \$175,000,000 for the Commodity Credit Corporation, a total of \$675,000,000. However, under paragraphs (a) and (b) no limit is imposed, for reasons which I shall explain later,

Mr. JOHNSON of Colorado. Do paragraphs (a) and (b) appear in the committee amendment?

Mr. TAFT. Yes.

Mr. JOHNSON of Colorado. Do they appear at any other place in the bill? In other words, must the committee amendment be agreed to in order to have paragraphs (a) and (b) approved by the Senate?

Mr. TAFT. Yes. If the Senator wanted to have paragraphs (a) and (b) without the remainder of the amendment, he would have to move to amend the committee amendment by striking out paragraphs (c), (d), (e), (f), and so forth.

Mr. JOHNSON of Colorado. And if the Senate should vote against the committee amendment, it would strike out paragraphs (a) and (b), and paragraphs (a) and (b) would not appear in any other provision of the bill; is that correct?

Mr. TAFT. That is correct—unless an amendment containing them separately were later offered.

Mr. BANKHEAD. Mr. President, with one further statement I shall yield the floor. I take it that the Senator from Colorado was not in the Chamber when I pointed out the commodities involved in the Commodity Credit Corporation program. Meat, butter, and coffee are being administered solely under the Reconstruction Finance Corporation's roll-back program. The Commodity Credit Corporation has nothing to do with those items. Those are the Reconstruction Finance Corporation's items, for which the \$500,000,000 is proposed to be provided.

Mr. MURDOCK. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. MURDOCK. I desire to call the attention of the Senator from Alabama and the Senator from Ohio to the fact that, in my opinion, the Senator from Colorado has raised an important question. It is with reference to paragraphs (a) and (b) of the committee amendment. The very purpose of paragraphs (a) and (b) is now being carried out by the Reconstruction Finance Corporation, under its present authority, is it not? So, if paragraphs (a) and (b) were not agreed to, or if the amendment in its entirety were rejected, there still would be, would there not, the authority which exists today, and which would continue to exist, for the Reconstruction Finance Corporation to do the things which are provided for in those paragraphs?

Mr. TAFT. I think that certainly would be true as to the provision for subsidizing the high-cost production of minerals to increase the production, which appears at the end of the amendment. I think that some of the other things they are doing are of questionable legality—exactly like the other subsidy which was referred to before. But so far as the copper program is concerned, for instance, I think the authority is clearly contained in the Price Control Act to carry out that program, without any further legislation.

The amendment was proposed because in attempting to impose an over-all limitation it was necessary to make excep-

tions of the things of which we approved.

Mr. JOHNSON of Colorado. I thank the Senator from Ohio and the Senator from Alabama.

Mr. BANKHEAD. Mr. President, I desire to make one other statement to the Senator from Colorado. When we separate the Reconstruction Finance Corporation's meat and butter subsidy program which is covered by subsection (c), and go down to subsection (d) which covers the Commodity Credit Corporation's program, the amendment as recommended by the committee, and which I had, and which will be printed in the RECORD and will be available to Senators in the morning, provides that in the last line, after the words "increases thereof", there be inserted the words:

All commitments heretofore made—

As I have frequently stated in my remarks, this provision would apply only to commitments now in effect, and would provide that they be carried out in good faith. I repeat the language just read, and continue:

All commitments heretofore made for such purposes shall be fulfilled out of the sum authorized herein, and no further commitments shall be entered into.

Mr. JOHNSON of Colorado. Does the Senator have a list of the commitments?

Mr. BANKHEAD. Not in the amendment.

Mr. JOHNSON of Colorado. Not in the amendment; but does he have a list of them?

Mr. BANKHEAD. I read it. The commitments are oil, fats, including peanuts, soybeans, and flax.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. TAFT. The Senator will find a list of subsidies in the hearings on pages 13, 14, and 54.

Mr. JOHNSON of Colorado. I do not wish to have the Senator read the list into the RECORD again if it is already in the RECORD.

Mr. BANKHEAD. The list is here. The Senator may look at it.

Mr. President, I yield the floor. I wonder if the Senator from Ohio desires to proceed this afternoon or wait until tomorrow.

Mr. TAFT. I shall be glad to proceed this afternoon.

Mr. President, I wish to discuss the committee amendment to the Commodity Credit Corporation bill and the general question of payment of subsidies and the policy which Congress ought to adopt. I am almost more interested in having Congress adopt some policy on the question of subsidies than I am in having any particular policy followed. I do not believe we can escape our responsibility to determine what ought to be done under the present circumstances.

The subsidy question started with the Price Control Act, in which Congress approved the general policy of subsidies for certain purposes.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. AIKEN. Will the Senator read that paragraph of the act?

Mr. TAFT. I am about to read it. Section 2 (e) of the Price Control Act reads as follows:

(e) Whenever the Administrator determines that the maximum necessary production of any commodity is not being obtained or may not be obtained during the ensuing year, he may, on behalf of the United States, without regard to the provisions of law requiring competitive bidding, buy or sell at public or private sale, or store or use, such commodity in such quantities and in such manner and upon such terms and conditions as he determines to be necessary to obtain the maximum necessary production thereof or otherwise to supply the demand therefor, or make subsidy payment to domestic producers of such commodity in such amounts and in such manner and upon such terms and conditions as he determines to be necessary to obtain the maximum necessary production thereof:

It goes on to provide that in the case of any commodity which is defined as a strategic or critical material, those powers shall be exercised only through the Reconstruction Finance Corporation. In other words, it was intended that the minerals which the R. F. C. was already handling should remain in its hands.

After the passage of the Emergency Price Control Act, of course, what makes these particular roll-backs questionable under this provision is the requirement that they should be made for the purpose of increasing production. The difficulty with that provision as a method of control is that when we give a subsidy we do it, as a matter of fact, for a number of different purposes. If we subsidize the processor of a commodity such as soybeans, the crusher of soybeans, we may do it in order to increase the price of soybeans, but we also do it in order to prevent a price increase in the product, the soybean oil. In other words, every subsidy may have a number of different purposes, and it is almost impossible to separate the purposes.

I, myself, believe, in spite of the opinion of the Attorney General, that the roll-back provisions and the subsidies to provide for roll-backs are illegal. My support of the amendment is in spite of that fact.

Certainly the spirit of the act contemplated the direct use of a subsidy to reduce the price; but, nevertheless, it is very difficult to distinguish those purposes, and I see no way by which we can step in and question the opinion of the Attorney General. I see no way by which any court could do so, and I believe we must face the fact that those subsidies have actually been promised and are being paid.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. AIKEN. I may be able to explain the matter, inasmuch as for about 3 weeks I sat on a subcommittee of the Committee on Agriculture and Forestry taking testimony on the matter of roll-backs and subsidies. In the course of those hearings there appeared before us many officials of the executive departments and other witnesses who are known to represent the administration's

viewpoints. Of all those witnesses, not one of them gave any testimony that the roll-back and subsidy were for the purpose of increasing production. All the testimony was that they were solely for the purpose of reducing the price to the consumer. They put great emphasis upon reducing the price to the underprivileged. When I speak later upon this subject I shall show that the underprivileged get it in the neck instead of in the pocket.

Mr. TAFT. I thank the Senator.

Mr. AIKEN. Of the witnesses to whom I have referred, not one testified that the subsidy was for the purpose of increasing production.

Mr. TAFT. The argument which was made was that under the Price Control Act, the Price Administrator had a perfect right to roll back the prices, and could reduce the prices. Not only that, but it has been claimed that by the act of October 2, 1942, which provided that the September 15 prices should remain in effect, he had an instruction to do so; that he had the instruction from Congress; that if he rolled back the price of meat, he would be forced to roll back the price of cattle and the price of hogs; that if he had done so, and had carried out that policy without a subsidy, the production next year would be reduced; and that, in order to prevent that, and to maintain production, he had a right to subsidize the processor.

I did not agree with him. I, myself, think that such action is illegal. I do not believe it was ever authorized by law. However, the general question of subsidy has been pursued steadily ever since the passage of the Price Control Act. We now have, and will continue to have, an elaborate system of subsidies of one kind or another. They are set out on pages 13, 14, and 54 of the hearings.

For instance, let us consider what Mr. Jones has been paying. I read from page 13 of the hearings:

Due to submarine warfare, Defense Supplies Corporation is paying excess transportation charges, and in some instances excess cost, on petroleum products. The estimated net cost of this operation for 1943 is from ninety-five to one hundred million dollars, probably from forty to fifty million dollars for 1944.

For the same reason, the Corporation is paying excess transportation costs on coal to New York and New England. The estimated cost of this program for the year is \$25,000,000.

A subsidy has been paid on sugar in order to have beet sugar shipped to the east coast and to other places where there is a shortage of sugar. That subsidy has cost approximately \$20,000,000 a year.

All the Chilean nitrate of soda imported from July 1, 1942, to June 1, 1943, has been for the account of Defense Supplies Corporation. Sale of this nitrate of soda within the Office of Price Administration price ceilings will result in an estimated loss of \$7,000,000, of which about one-half is due to transportation costs.

Approximately \$5,000,000 will be paid in 1943 for replacements or substitutes for rope and binder twine imported from Central America and other tropical points, to replace the loss of jute and

rope from the Philippines and the Dutch East Indies.

Formerly this country obtained its supply of jewel bearings almost entirely from Switzerland. In order to induce American manufacturers to produce them, the Defense Supplies Corporation has agreed to purchase the output of American manufacturers at a price which entails a very substantial loss. It is estimated this loss will approximate seven and a half million dollars a year.

Approximately \$5,000,000 is being used to subsidize the production of aluminum rivets of a particular type. An estimated \$1,000,000 a year is used to subsidize the production of aluminum rods and bars.

The Defense Supplies Corporation has agreed to pay the excess cost of purchasing petroleum coke at inland locations, transporting it to the west coast, and processing it into calcined coke. That is done to avoid interference with the maximum production of 100-octane gasoline and Navy fuel oil in the west coast at an estimated loss of two and a half million dollars.

The copper subsidy has cost about \$53,000,000 a year. That amount is required to pay for the high cost of the production of copper. Of course, a much larger amount is saved because the price of copper is maintained at all the basic mines at 12 cents a pound, and the Government has not had to pay 18 cents a pound or even more, I believe, at the higher-cost mines.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. JOHNSON of Colorado. Insofar as metals are concerned, they are in a little different category from any other commodity which is handled by the R. F. C., because the Government is the ultimate purchaser of the metals.

Mr. TAFT. That is the essential point; not that they are metals. The same principle might apply to timber, or to a number of other products of an agricultural nature with which we have attempted to deal in our amendment by providing that there shall be no limit upon the subsidies which may be paid for any article which goes into equipment or munitions of war. Obviously, a Government subsidy for a commodity of that nature is returned to the Government through the price which it pays for the commodity itself. In fact, in many cases the Government may receive back, through the price which it pays, much more than the amount of the subsidy. So that particular kind of subsidy is justified, not because the commodity is a mineral or a metal, but because it is a material for which the Government itself ultimately pays.

Mr. JOHNSON of Colorado. The Senator is correct, because the Government is the ultimate purchaser.

The question I wish to ask the Senator has to do with paragraphs (a), (b), and (c) of the committee amendment. I should like to discover the relationship between the limitation in paragraph (c) and the authorization in paragraphs (a)

and (b). The \$500,000,000 limitation in paragraph (c) reads as follows:

All commitments heretofore made for such purposes shall be fulfilled out of the sum authorized herein, and no further commitments shall be entered into hereafter with any producers, processors, manufacturers, or distributors which cannot be fulfilled at the said sum.

Will the Senator explain the effect of that provision?

Mr. TAFT. It applies only to the provisions of paragraph (c), and has no relation to paragraphs (a) and (b), which are unlimited in respect to the amount which the Reconstruction Finance Corporation may borrow and pay in subsidy. I thought it was unnecessary to limit the amount in paragraph (b) because, as I have said, the Government must receive back most of the subsidy, by its very nature.

Mr. JOHNSON of Colorado. Then paragraphs (a) and (b) are not limitations upon the present practice, are they?

Mr. TAFT. Not at all. I think I can explain the purpose better if I go ahead with the general provisions of the amendment.

Mr. MALONEY. Mr. President, will the Senator yield?

Mr. TAFT. I yield to the Senator from Connecticut.

Mr. MALONEY. The Senator from Ohio has probably covered the matter about which I desire to make inquiry. If he has, I apologize to him, but I have been kept in a meeting of the Appropriations Committee throughout the afternoon, and will have to return there. I think that the amendment prepared by the Senator from Ohio is an excellent one, and is very clearly written and understandable; but there is a sense of doubt in the minds of those who will be called upon to operate the program, and, for their benefit and for the RECORD, I should like to ask two questions. I think I myself understand the matter clearly. One question is, Is it the Senator's understanding and purpose to permit within the limits of the money he proposes to provide subsidies to roll back prices?

Mr. TAFT. It is my intention to do so; yes. I think the words "prevent price increases," according to the Government's interpretation of the words as they have already interpreted them, are sufficient to cover a roll back of prices.

Mr. MALONEY. I quite agree with the Senator, and I think he will agree with me that that was the understanding of the Committee on Banking and Currency after it discussed that particular language this morning.

Mr. TAFT. That was the understanding.

Mr. MALONEY. I should like to ask one more question for the RECORD. This question is also asked on behalf of those who are to be called upon to administer this program provided the amendment should be adopted and the bill should become a law. In connection with the provisions of subsections (c) and (d) they hope it will be made clear that those subsections are in addition to

the authority contained in subsections (a) and (b).

Mr. TAFT. I think there is no doubt that that is so. That is what the Senator from Colorado asked, and that, I think, is perfectly clear.

Mr. MALONEY. It certainly is clear to me.

Mr. TAFT. If any Senator has any amendment to suggest to make it clearer, I should have no objection to it.

Mr. MALONEY. I do not think it requires an amendment, and I asked the question on behalf of and prompted by the request of those who will administer the proposed act. I thank the Senator very much.

Mr. GEORGE. Mr. President, will the Senator yield?

Mr. TAFT. I yield to the Senator from Georgia.

Mr. GEORGE. I understand the Senator to say, in the first place, that he does not think the Price Control Act, either the original act or the amended act, is legal authority for the theory of subsidy involved in the roll-back program of the O. P. A.

Mr. TAFT. Yes, that is my opinion. I think there is an argument the other way; I have heard such an argument; but my opinion is that it at least violates the spirit, if not the letter, of the act.

Mr. GEORGE. I am glad to hear the Senator make that statement.

Mr. TAFT. I may say that I have put up a strenuous argument with the attorney for the O. P. A. in the Banking and Currency Committee on the subject.

Mr. GEORGE. The O. P. A. attorneys can argue anything, and they can prove almost anything, so far as legal questions go. That is why one of the O. P. A. attorneys has gone, I may parenthetically interject. However, I am glad to hear the Senator make the statement he has made.

Now I should like to ask the Senator if at any time the question of subsidy has appeared in this body or in the other body of the Congress there has been any sanction or approval of the subsidy principle which the O. P. A. is now undertaking to apply?

Mr. TAFT. I should say that the Price Control Act itself applies a general principle of subsidy or authorizes for the purpose of increasing production.

Mr. GEORGE. Certainly; that is one way to control prices. The Congress knew that, in the final analysis, that is the only way to control prices.

Mr. TAFT. I think the Senate when it had the subsidy bill before it in December showed its very clear intention not to authorize such a subsidy policy when that bill was sent back to the committee. In other words, my answer to the Senator is that I know of no general authority from Congress authorizing this program.

Mr. GEORGE. It is true, I think, that when the Congress has been called upon to speak it has expressed itself against such a practice.

Mr. TAFT. I think that is practically true.

Mr. GEORGE. I should like to have the Senator answer another question at this point, if he will. I am sure he in-

tended to discuss it, but I should like to get it clear in my mind. His amendment, as I understand, provides a specified amount of money, \$500,000,000, plus an additional sum to the Commodity Credit Corporation. Is it the purpose of the amendment to stop this type of subsidy at this point and to go no further with it?

Mr. TAFT. The amendment would stop subsidy payments at approximately the present Government commitments. It would provide enough money to carry out the program for 1 year, until the 1st of July 1944, and then prohibit the making of any further commitments which could again place us in the situation in which we now find ourselves.

Mr. GEORGE. We will be placed in the same situation again; for when any department or bureau wants to bypass Congress, and really has the purse strings in its hands, it can find some excuse; but that is another matter. I did not ask the Senator the question to divert him.

I understand that the sums authorized by the amendment are to be used only to comply with present commitments until a certain date, and to stop the practice, so far as the amendment goes, which, of course, is as far as the Senator can speak.

Mr. TAFT. At least, it is true that the Price Administrator might tomorrow call off the roll-backs and raise the prices of butter and meat; and in that case he could use the money for other subsidies. The amendment is intended not to direct the kind of subsidy he shall pay or the purpose for which he shall pay it, but simply to impose an over-all financial limitation on all subsidies during the next 12 months.

Mr. GEORGE. That is what I was trying to get at. I did not make myself very clear. At the end of that time, when prices cease to be held at the point where they have been rolled back, what is going to happen?

Mr. TAFT. Then we will have to let them go up.

Mr. GEORGE. Why not let them go up now?

Mr. TAFT. That is a fair question. Perhaps action could be taken to let them go up now. I do not know whether the Congress should take the responsibility of saying, after executive agencies have determined the price of meat to be such a figure, "We refuse to permit that; we intend to raise the price of meat 2 cents a pound." These things are largely questions of maintaining the status quo. A new status quo has been provided. If we want to raise the price of butter 6 cents, we can prohibit subsidies.

Mr. GEORGE. But that is not so much the point. The point I was making is that here is a limited program; here is approval of a roll-back prices program; confessedly it is limited as to time, and it is limited as to money; but when it is through we propose to go no further. Then we will be in worse shape than we are today. That is the question which I wish to submit to the Senator.

Mr. TAFT. We will probably not be in any worse shape than we are today.

It seems to me we will have some lower prices than we have today.

Mr. President, I should prefer not to be interrupted for a few moments; I should like, at least, to make the main statement of why this amendment is proposed and what its purpose is.

When we passed the Price Control Act we supposed—at least I supposed—that, so far as any food subsidy was concerned, the Food Administrator would have to come back to Congress for an appropriation with which to pay it. I think it was stated on the floor that the Price Control Act contained no appropriation. They have availed themselves of the provision which was put in the law retaining in the R. F. C. power over metal and to pay copper subsidies and similar subsidies—they have availed themselves of that authority to extend subsidies to food without any appropriation by Congress by means of having the President declare that meat and butter and coffee are strategic and critical materials. That is the whole basis on which the R. F. C. is now financing this assumed roll-back.

Of course, if that is legal, and if we simply pass it by and do nothing, there is no limit to which that subsidy policy may be carried. I am not perfectly certain, because it is almost impossible to find out what the ultimate borrowing power of the R. F. C. will be, but my impression is that the R. F. C. has approximately seven or eight billion dollars which it can devote to the purposes for which it may use its money. I think all that money is committed to something, but many of the commitments are commitments which the R. F. C. knows it will never be called upon to make good, and the \$450,000,000 it has agreed to supply in this case is simply taken out of some other commitment and turned over for this purpose.

What concerns me is that if no action is taken by Congress we may find a subsidy of \$2,000,000,000 or \$4,000,000,000 or any other sum the R. F. C. sees fit to decide upon. I do not believe that is in accord with the Food Control Act.

There was advocated before us by Mr. Green, of the American Federation of Labor, and Mr. Murray, of the C. I. O., an annual subsidy of about \$2,000,000,000. In a press conference the President mentioned \$2,000,000,000. If we subsidize on the basis of the English subsidy, which is what has been proposed, and is used as a model here, it will cost them at least \$2,000,000,000 a year. As a matter of fact, the English subsidize about 12½ percent of the total consumers' food bill. If we should subsidize 12½ percent of our consumers' food bill, the cost would be well over \$3,000,000,000 a year. Furthermore, as the pressures now being experienced, and the tremendous Government spending force prices us—and I think prices are going up anyway—the second year we would have a more stupendous bill, if we tried to maintain the price level where it was the first of January of this year. I think that unless some action is taken we may well find ourselves embarked on a \$2,000,000,000 subsidy program this year, and a \$4,000,000,000 subsidy program next year.

It is the prevention of the adoption of such a policy with which I am most concerned, and I think that simply cutting off all subsidies would be a rather drastic way of preventing it. Congress has done nothing about preventing payment of subsidies. We have known that subsidies are being paid, and we have permitted it, subsidies very much of the same nature as the one now presented. Of course, the pending proposal has brought the question to the fore, because this is a big subsidy, and this is the first time we have seen any indication of a general consumer subsidy all across the board. So the question has been raised. But the subsidies paid by the Commodity Credit Corporation are exactly of the same nature. The Commodity Credit Corporation, in subsidizing, for instance, the production of cheese, found that the price of milk had risen to such a point that no one could make cheese and sell it for the price at which cheese was selling. Therefore, in order to maintain the price of cheese at that point, the Corporation proceeded to subsidize all the processors of cheese.

We had very much the same situation in the case of cottonseed, peanuts, and soybeans. The prices of those products rose. We did not control them. They got to the point where no processor could buy the products and crush them and sell the oil without losing money in the transaction. So the Commodity Credit Corporation stepped in and proceeded to subsidize all the processors of soybean oil, peanut oil, and cottonseed oil.

Mr. GEORGE. Mr. President, I do not desire to interrupt the Senator, but the reason why they could not buy those products and process them was that a ceiling was put on oil very early.

Mr. TAFT. Exactly, and I think it was too tight a ceiling. But the argument is that by subsidizing those oils, and thereby preventing an increase in the prices of the oils, we avoided the necessity of increasing the price of lard and of the prices of other oils which we do not have to subsidize. Therefore, by subsidizing one product we saved the consumer two or three times that much in the amount he had to pay for all the oils.

Mr. President, there are instances in which the payment of a subsidy is a wise policy. Subsidies have been used by other governments. There are instances, I believe, in which for a small amount of money it is possible to subsidize a considerable amount and prevent a price increase, and it is a very valuable weapon in the general course of fighting the battle of inflation. I do not like to deprive the Administrator entirely of that power. I should prefer to say, "You have to pick out the things which are really worth while and use the money for those purposes, but you will not have any more. Here is the amount of money available. You cannot undertake a general subsidy all across the board."

I think a general subsidy of the consumer is probably more inflationary than raising prices. In the first place, if there is a \$2,000,000,000 subsidy, the Government has to borrow \$2,000,000,000, and presumably borrow it from the banks, be-

cause the Government is borrowing all it can now from individuals and corporations and savings institutions. I think a general subsidy, from which the consumer merely gets the advantage of the exact amount of money the Government pays, is likely to be more inflationary than otherwise.

The argument is that if we can hold the price level, then it will enable us to hold the wage level, and by holding the wage level, we will prevent another increase of prices and prevent gradually rising inflation. I think it is possible that if we could absolutely hold everything steady that might be true, but, of course, the fact is that we have not succeeded in doing anything of the kind, and I do not believe we can do so. I feel reasonably confident that if we subsidize in the amount of \$2,000,000,000 we will still see prices rising, in spite of the subsidy.

The inflation problem is a serious one. I think, however, it has been somewhat overemphasized. I have never agreed with the theory that we can for once and all fix prices and wages and hold them. I do not believe we can do that, even with a subsidy. Of course, those who do believe in that would have to support a subsidy policy because there is certainly no other way by which to maintain a flat level.

As a matter of fact, what has happened in this country is that the cost of living—the cost of goods purchased by wage earners, as shown by the Bureau of Labor Statistics—has increased about 24 percent since the 1st of January 1941; that is, in the 2 years preceding the 15th of last April, an average of 10 percent a year, and fairly constant. There has been no greater rate of increase in the last 4 months than in the 2 years before that time. At the same time the hourly wage rates increased in the neighborhood of 40 percent, and average weekly earnings increased in the neighborhood of 57 percent, as compared with 24 percent increase in the cost-of-living rate. The general effect of the activities of the Price Administration therefore has been reasonably successful—certainly far more successful than the attempt to control wages through any voluntary program.

While prices in the first 3½ months of this year rose 3 percent, hourly wage rates, Little Steel formula, and all, rose 4 percent in 3 months. Average weekly earnings rose 5 percent. So that so far as the war worker is concerned, he has no right to ask for a subsidy.

It is pointed out that there are many groups in this country whose real earnings are less than they have been, because their wages have not been increased—school teachers, for instance, and many others—while their cost of living has increased. So that it is not entirely fair to say that the consumer has no case. Some consumers have a case, while other consumers do not have a case.

In general, I do not think there is today any tremendously serious threat of inflation. I am not primarily concerned about inflation, and I think it has been a mistake to wave prevention of inflation

as the first policy of the Government, and disregard other policies, for there are two other elements which must be considered. The first is production. We must attain production, regardless of price. It is better to have meat at almost any price than to have no meat at all, the situation in which a good many cities find themselves today. Production is even more important than price.

There is another element which I think is important, and that is a sense of justice. I do not think we can maintain the morale of the people if we are to say to workmen, for instance, "Yes; the cost of living has risen 25 percent, but we will increase your wages only 15 percent."

I do not think that simply because it is war time we can say to the small packers, "You must buy cattle and sell the meat at a loss." The packers may do so for a while, but cannot continue to do so indefinitely. The general attitude on the part of the Office of Price Administration has been that justice makes no difference; that "our one rule is to hold the line, and we do not care whether we are fair to you or not." At least that is the kind of treatment my constituents have received. I think such a policy is a mistake. I think all these things should be taken into consideration. I believe that efficient price control, efficient management, with courage, and a real sense of working with the trade, getting its advice, following what it advises in connection with these controls, would have held the price even better than it was held, and would have done so with more justice, and with less adverse effect on production.

Mr. President, I am very hopeful that if we have an efficient administration of price control we can hold the rise to 6 percent a year instead of 10 percent a year. Even if we have a rise of 10 percent a year for 5 years, if finally the rise goes to 50 percent, it is not going to be a calamity. It is going to be unfortunate for many persons. But in the World War the cost of living went up 100 percent. That was too much. It resulted in creating hardship, and should be avoided. If the present war should continue to the end of 1946, with an increase of 10 percent a year, in 4 years of war and 1 year pre-war, resulting in a total of 50 percent increase, I would not regard that as serious. So I believe the price control is sufficient.

On the other hand I think we must use every weapon we possibly can use to prevent increases in prices. I do not like to take the attitude that we shall not under any circumstances have any power to subsidize. I do not know how I can draw the distinction between different kinds of subsidies. It is really a question which, as I see it, must be left with some discretion to the Administrator.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. AIKEN. I may suggest that there are two kinds of subsidies, those legalized and authorized by Congress, and those which are not.

Mr. TAFT. Yes, but Congress never has considered the subsidy question seriously, it never has decided what its policy in that respect should be. I think I am as much disposed as anyone to criticize the Government for doing things which are illegal, but approaching this question I am willing to begin de novo and decide what ought to be the subsidy policy of the United States Government. I have tried to write in my amendment what I think ought to be the subsidy policy of the Government, that is a reasonable sum for use in subsidies, and one which does not in its very nature permit what might be called a general consumer subsidy, and does not permit an absolute "hold the line" policy. The whole effect of the use of this \$450,000,000, according to Mr. Gilbert, the economist for the O. P. A., will be to reduce the cost of living only 1.1 percent. Frankly I do not think it is worth it. I felt \$250,000,000 was enough to do what I had in mind. The committee thought that so long as these commitments had been made it would be better to make the sum \$500,000,000. I am willing to go along with that.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. JOHNSON of Colorado. I do not wish to try to become technical with respect to the language in the Senator's amendment, but I wish to ask a question. In paragraph (c) of section 5 this language is found:

The Reconstruction Finance Corporation is authorized to borrow not to exceed \$500,000,000.

Then as an afterthought—and that is my language—

And to use or allocate any part of said sum prior to July 1, 1944.

My point is that the restriction is placed entirely upon the amount which can be borrowed, not upon the amount which can be used. If the R. F. C. has another \$500,000,000 on hand in some of its revolving funds, or otherwise, which it can use, it will have a total of \$1,000,000,000 to use for this purpose, because no limitation is placed on the use of the money by the language of the Senator's amendment. The limitation is placed on the amount which can be borrowed.

Mr. TAFT. The Senator should read the first part of the section. I shall be glad to consider the question, but it rather seems to me that when we say that the R. F. C. shall not "pay any subsidies or purchase any commodities * * * or borrow any money * * *" except as provided in this section or hereafter expressly authorized by the Congress, the R. F. C. is barred completely from using any other money. Then there is a positive authority given the R. F. C. to borrow \$500,000,000, and to use that sum.

Mr. JOHNSON of Colorado. The point I make perhaps is not sound, but in the first paragraph the Senator's amendment provides:

Except as provided in this section—

And further along in the amendment no limitation is placed on the amount, the amendment simply providing:

And to use or allocate any part of said sum.

Mr. TAFT. The language is:

The Reconstruction Finance Corporation is authorized to borrow not to exceed \$500,000,000, and to use or allocate any part of said sum prior to July 1, 1944.

Not some other sum. I really do not think the amendment would authorize the use of 1 cent more than \$500,000,000.

Mr. AIKEN. Mr. President—

The PRESIDING OFFICER (Mr. MURDOCK in the chair). Does the Senator from Ohio yield to the Senator from Vermont?

Mr. TAFT. I yield.

Mr. AIKEN. Mr. Jesse Jones came before the Senate committee today to testify on this very matter, and the Senator from Alabama was present in the committee meeting as was also the distinguished minority leader, the Senator from Oregon [Mr. McNARY]. If my recollection is correct, and I think it is, Mr. Jones told us that he had some money to pay the \$450,000,000 subsidy. We asked him where he was going to get the money, and he said he had it. He said that if he needed more he would come to Congress for it. That appears to be exactly what he has done. He has come to Congress asking for \$500,000,000 more.

Mr. TAFT. Mr. President, Mr. Jesse Jones did not write the amendment. I wrote it. It seemed to me the committee amendment contained in the bill was inadequate. It only limited the power of the Commodity Credit Corporation. It did not limit the Reconstruction Finance Corporation at all. It seems to me that if we pass the bill in its present form we would practically O. K. the general policy, and leave the situation wide open. My interest is to provide a limitation. If Mr. Jesse Jones came to Congress, I can assure Senators he would ask for at least \$1,000,000,000. Mr. Jones came here last December, as I recall, and asked for \$1,000,000,000, and the committee voted to give it to him. He said he did not think he had to come, but that he always wanted to consult Congress. When the measure came before the Senate it turned down that provision, and the measure was returned to committee. The next time Mr. Jones did not come before Congress and make a request. He simply went ahead and subsidized.

Mr. AIKEN. If the Senator from Ohio knew that Mr. Jones had \$450,000,000 would he still approve giving him \$500,000,000 more?

Mr. TAFT. Mr. Jones does not have any money in that sense. He has certain borrowing power, and he has repeatedly testified before our committee and before other committees that all that borrowing power is committed. There is a bill pending in the Committee on Banking and Currency to provide him with \$5,000,000,000 more.

In spite of that fact Mr. Jones found \$450,000,000 when the President asked him to. I can only assume that it came out of money which he had committed, but which he knew would never be called for. If he took it out of that class of money there is about \$7,000,000,000 more of the same kind of money in the R. F. C., and I see no reason why he should not find \$7,000,000,000 as well as the

\$450,000,000 he previously found, unless we shall limit his power.

Mr. AIKEN. We should limit it.

Mr. TAFT. I may say that the whole problem really arises out of the unfortunate condition into which we have gotten in connection with the Government corporations and the fact that they are not subject to the rules governing appropriations. They have money available for rather vague general purposes. Under the act passed by Congress, the R. F. C. has money available for almost any purpose. Unless we adopt a restraining policy with respect to the R. F. C. we shall not impose restraint such as we usually exercise through appropriations. That is the reason this measure attempts to impose a new kind of restriction which we have never imposed heretofore, by providing that no money, corporate or otherwise, shall be used for certain purposes, except in accordance with certain policies which we declare. I am perfectly confident that is a sound principle. Whether the Congress wants to allot \$500,000,000, or whether it wants to allot \$250,000,000, or whether it does not want to allot any money, is up to Congress. What I am interested in is to lay down a policy which will prevent the continuation of a wide-open subsidy policy which, before we get through, may well amount to \$5,000,000,000 a year.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. TAFT. I yield to the Senator from Nebraska.

Mr. WHERRY. Before the Senator concludes his discussion of the point of production, I should like to ask him how the amendment, if agreed to, would provide for encouraging the production of beef, if the subsidy is paid.

Mr. TAFT. It would not, unless those in charge chose to subsidize certain packers. I suppose it is conceivable that they might subsidize certain packers. They might subsidize certain types of beef if they thought that by so doing the production of beef would be increased.

Mr. WHERRY. If the packer were subsidized, would there be any assurance that the subsidy would go back to the producer?

Mr. TAFT. The subsidy would have to be made on that condition; yes. The Senator asks me if it is possible. I say it is possible if the subsidy is used, without increasing the price of cattle, to increase the production of certain kinds of cattle. There is some question whether the kinds of hogs now being brought to the stockyards are too heavy for some uses, and there is a desire for different kinds of meat. Subsidies can be used for all sorts of purposes. I think some of the purposes may be very effective in giving the farmer more money for certain commodities, and yet holding down increases in prices.

Mr. WHERRY. But the operation thus far, since last Tuesday, has been to roll back the prices to consumers, without any assurance that the subsidies will go to the producers; is not that correct?

Mr. TAFT. It would be possible, if it were desired to do so, to make any roll-back illegal, and to force the restoration

of the prices which have been rolled back. That would be a possible provision which could be added to the amendment, in addition to what it already provides. However, as a matter of fact, in principle there is not much difference between rolling back the price and subsidizing the commodity or increasing the price and subsidizing the commodity. The result may be to give the producer more money; but the net result, when we get through, as I see it, is not any different in kind. I think the roll-back is not very different from the subsidy, but I think it could be done in such a way as to give the benefit to the producers.

Mr. President, let me call attention to the provisions of subsection (a):

(a) The Reconstruction Finance Corporation is authorized to borrow money and pay to shippers of commodities or others the increased costs of transportation resulting from the war emergency.

There are a number of products on which such increases have occurred. The principal ones are coal and oil. Nearly all the increases have resulted from increased costs of water transportation or from the elimination of water transportation. I say they are justified largely on the ground that before the war we had certain relationships between different parts of the country. The result of the increased cost of transportation has been to discriminate against some sections of the country, as contrasted to others. A mill in Pittsburgh may pay for coal the same price it paid at the beginning of the war. Unless a subsidy is granted, a similar mill in New England, making the same products, would have to pay a great deal more for coal. I think the general policy of subsidizing increased costs of transportation due to the war is one which will tend to restore the balance existing before the war, and will tend to prevent discrimination. Discrimination of that kind, it seems to me, might well be prevented by having the taxpayer pay the bill, rather than by calling upon one section of the country to pay it.

I estimate that the subsidies which now are in force under subsection (a) are costing approximately \$160,000,000 a year. The exact amount of the increase is not very easy to determine, but the figure of \$160,000,000 seems to be the consensus of opinion.

Subparagraph (b) reads in part as follows:

The Reconstruction Finance Corporation is authorized to borrow money and to pay the subsidies relating to, or purchase for the purpose of selling at a loss, strategic and critical materials necessary to the manufacture of equipment and munitions of war for the United States Government or any of the United Nations.

I have already said that if subsidies are to be used to keep down the costs of production of the things the Government is going to buy, it is fairly obvious that we cannot lose any money. At worst, we simply would take money out of one pocket and put it into another. At best, as in the case of the copper subsidy, by holding down the cost of the copper from the low priced mines to 12 cents, we might save the Government four or five

times as much money as it would actually pay out in a subsidy.

Added to that are the subsidies to high-cost-of-production minerals to increase the production thereof. In the case of some minerals, possibly even in the case of high-cost oil, the production is not going to the United States Government, but at least in part is going to the civilian population. Therefore, we added the clause:

And to subsidize the high cost production of minerals to increase the production thereof.

We added it as an instance in which, by the payment of a small amount of money, we might save the consumer, as well as the Government, a considerably larger sum of money.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. MILLIKIN. The term "minerals" usually includes oil. Does the Senator think that is sufficiently established so that it is not necessary to state specifically that oil is included in the term "minerals"?

Mr. TAFT. I do not know. I can only say that the distinguished former Senator Brown, of Michigan, felt that the term "minerals" properly included oil; that oil was a mineral, not a metal.

Mr. GEORGE. The courts have so held.

Mr. TAFT. I think so. That is my impression.

Mr. MILLIKIN. Technically, in the law of oils and gas, we refer to oil as a mineral.

Mr. TAFT. Yes; I think oil is a mineral.

Mr. President, the other provisions are simply to the effect that the Commodity Credit Corporation is authorized to pay up to \$175,000,000. That is a little more, I think, than they are committed to. So far as I could ascertain, I do not think they are committed to more than approximately \$125,000,000 or \$150,000,000, on the subsidies they have announced. The committee seemed to feel somewhat more generous toward the Commodity Credit Corporation, because they felt the Commodity Credit Corporation was interested only in increasing production, that the subsidies they might make would be in nearly all cases producers' subsidies, and that they were not subject to a charge of being interested in roll-backs.

Mr. President, I do not think I like a subsidy better than does anyone else. I know very well that I do not like the idea of a general consumer subsidy or the use of subsidies to hold the price level where it is. I do not think it can be done. I do not think it should be done. I think an attempt to do it would do more harm than not to try to do it.

On the other hand, I see nothing basically wrong in the principle of subsidies. We have been paying the farmers subsidies. We pay subsidies, in effect, in the way of relief payments. We pay subsidies to the poorer consumers. Hardly a day goes by that we do not approve a subsidy to someone. I cannot see anything simply in the principle of a subsidy which should lead us com-

pletely to invalidate any and all subsidies which may be proposed. I do not think we can go into the question of this kind of subsidy or that kind of subsidy. They are almost impossible to define. It is almost impossible to tell what situations may arise.

Therefore, I have felt that the proper way to limit subsidies is to impose a broad financial limitation, to bring all kinds of expenditures for subsidies within that limitation, and then to leave to the discretion of the administrative officers the determination of how that amount of money shall be used. That is the question affected by this particular amendment.

Mr. CLARK of Missouri. Mr. President, will the Senator yield so that I may ask a question?

Mr. TAFT. I yield.

Mr. CLARK of Missouri. I tried to ask a question of the Senator from Ohio some time ago. At that time I did not wish to interrupt the trend of his thought. I should like to ask the Senator this question: He admits that his amendment introduces an authorization for a theory of subsidy entirely new and different from that authorized under existing law; does he not?

Mr. TAFT. No; I do not think it is a new theory as compared to that authorized under existing law. I think the existing law provides no money. We are providing money with which to do something for which we have not heretofore provided money.

Mr. CLARK of Missouri. Let me ask the Senator from Ohio another question. Does he believe that under existing law there is any authority whatever—to be more specific, under section 2 (e) of the Stabilization Act—for the kind of roll-back policies which the Reconstruction Finance Corporation, in conjunction with the Office of Price Administration, has attempted to place in effect in the last 2 weeks?

Mr. TAFT. I stated in answer to the Senator from Georgia that in my opinion the attempt to pay subsidies for a roll-back was not authorized by the Price Control Law. The Senator is correct in that respect. On the other hand, I stated that I did not see very much difference between that kind of a subsidy and one which is paid to prevent an increase in the price of a product. In principle they seem to be exactly the same.

Mr. CLARK of Missouri. Mr. President, will the Senator further yield?

Mr. TAFT. I yield.

Mr. CLARK of Missouri. I know that the Senator from Ohio is a very distinguished lawyer. As a legal proposition, he must admit that at the present time there is no authority whatever in law except section 2 (e), for what has been done in the past few weeks by the O. P. A. and the R. F. C. At least, I understand that to be the contention of the Senator.

Mr. TAFT. That is my opinion. The attorney for the O. P. A. claims that there is legal authority, and we had quite a strenuous argument in the committee on that question.

Mr. CLARK of Missouri. Did the representative of the O. P. A. claim that there was any authority aside from section 2 (e) of the Stabilization Act?

Mr. TAFT. He claimed it under that section.

Mr. CLARK of Missouri. Does the Senator from Ohio admit that his amendment would authorize a new form of subsidy hitherto unauthorized by law?

Mr. TAFT. I think it would.

Mr. CLARK of Missouri. I thank the Senator for his frankness.

Mr. TAFT. In my opinion the original Price Control Act did not cover a subsidy to pay a roll-back; and I think this amendment does cover a subsidy to pay a roll-back.

Mr. CLARK of Missouri. I was sure I would get from the Senator a frank and succinct answer, and I thank him for his frankness.

Mr. MALONEY. Mr. President, I shall not long detain the Senate in connection with this proposal, because I think it has already been well covered by the able Senator from Alabama [Mr. BANKHEAD], who is in charge of the bill, and the distinguished Senator from Ohio [Mr. TAFT], who has just concluded.

I wish, however, to point out for the RECORD two or three things which I think are important. First, I should like to say that in my judgment the Committee on Banking and Currency and the Senate—and, if this proposal prevails, the country—are indebted to the Senator from Ohio. He has submitted what I regard as a very sensible and fair amendment.

I should like to emphasize the fact that it serves notice on those in charge of the subsidy program that there is a limitation on how far they may go. It serves notice on them, as well as the country, that the Congress is concerned, and makes provision that before the expenditure of additional money for subsidies, Congress must be consulted.

I approach this new subsidy proposal with some fear. I do not like this form of subsidy, and it was after some reluctance that I concluded that the public welfare could best be served by the adoption of the kind of program proposed in the Taft amendment.

We are at the moment confronted with an unlimited subsidy program. I think that those directing the program now in effect have gone beyond the provisions of the law, and if this amendment does nothing more, it removes any question of illegality from the subsidy program already under way. I do not know how better we could do anything about it than by way of the amendment proposed to the Commodity Credit Corporation bill.

Mr. President, the amendment of the Senator from Ohio does more than that, although I think that in itself is extremely important. It gives those in charge of the price-control program what appears to me to be the last chance to prevent runaway inflation. The whole purpose of the subsidy program, so far as foodstuffs are concerned, is to prevent a runaway inflation, and to provide for the stabili-

zation of prices and wages. I believe that every Senator knows that if we permit prices further to rise, which is the alternative to this amendment, there will be further demands for wage increases, and then there will be a constant jockeying between price rises and wage increases. I do not think anyone will challenge that statement.

The Taft amendment would certainly improve the morale of the American people, which is greatly upset by the price rises which have occurred and the increases which are threatened. In short, Mr. President, the proposal appears to me to be the lesser of two great dangers.

As members of the committee know, I have long wanted to provide a standard of operations and a limitation on the expenditure of funds. In the committee I asked Mr. Brown and his associates if they would not give to the Congress a list of the commodities which they intended to subsidize, or which they felt they might find it necessary to subsidize under their program. I was even anxious to write such a list into the law, and we discussed that thought in the committee.

I think it might be well to point out that I have just received an answer to that request. In a moment I shall submit it for the RECORD, but first I wish further to point out, and emphasize, in case this undertaking should later prove to be a failure, that the amount of money provided in the Taft amendment meets the desires of those in charge of the program. I understand—and I should like to be corrected by the able Senator in charge of the bill or by any other member of the committee if I am mistaken—that the \$500,000,000 provided for the Reconstruction Finance Corporation is in keeping with the wishes and desires of Mr. Brown and Mr. Jesse Jones and others. It is my understanding that the \$175,000,000 provided for the Commodity Credit Corporation meets the apparent needs of the Commodity Credit Corporation.

It is important that this statement now be made a part of the RECORD because I do not want Congress criticized if at some time in the future, there should be a request for additional funds, as I assume there may be. I do not want the charge to then be made that there was not complete cooperation, at least in the Senate. We are meeting not only the needs but the wishes of those in charge of the program.

Mr. President, this afternoon I received a letter in answer to the request which I made, and to which I earlier referred. The letter was prepared by Mr. Richard V. Gilbert, economic adviser of the Office of Price Administration. Mr. Gilbert was one of the principal witnesses appearing on more than one occasion at the hearings which were held upon the bill. The letter is addressed to me, and reads as follows:

OFFICE OF PRICE ADMINISTRATION,
Washington, D. C., June 23, 1943.
Hon. FRANCIS MALONEY,
United States Senate.

DEAR SENATOR MALONEY: Mr. Brown has asked me to send you the list of cost of living items which are now being subsidized, together with the list of items which we think

may have to be subsidized in the coming year.

I am attaching a table showing the items now being subsidized. Of the list, only meats and butter are part of the roll-back program.

In the near future we face a serious situation in the case of family flour and bread. The rise in the parity price of wheat since last year will entail a rise in the loan rate, which will force a material increase in the price of flour. Unless a subsidy is used, the price of family flour and bread will have to be increased.

In our thinking with regard to the roll-back and subsidy programs, we have reached the conclusion that it would not be feasible or wise to roll back or to subsidize a large range of cost of living commodities. For administrative reasons we would rather confine the subsidy program on a limited list of items of mass consumption. The prices of these items could be reduced sufficiently to secure whatever reduction in the cost of living was considered desirable and to offset such increases in the price of minor items as proved to be necessary to maintain or increase production of these items.

In addition to meats and butter, we are thinking tentatively in terms of milk, family flour, corn-meal, bread, the major canned fruits and vegetables, and perhaps potatoes. Administrative difficulties have appeared which raise considerable doubt in our minds as to whether coffee would be suitable for subsidy.

Later this afternoon I shall send you a memorandum setting forth the case for the use of subsidies and the standards we propose to apply in their use. As you will see from this memorandum, a subsidy program can be set up with adequate safeguards guaranteeing against unwise and inflationary use of this instrument.

Very sincerely yours,

RICHARD V. GILBERT,
Economic Advisor.

In addition to the letter which I have just read for the RECORD, I should like to have printed, immediately following the letter, the table referred to therein, showing the items now being subsidized.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE II.—Present subsidies on cost-of-living commodities

[In millions of dollars]			
	Amount of subsidy on civilian purchases	Cost of 1943 program	Level of subsidy
Meat:			
Beef and veal	102.2-128.5	102.2-128.5	Packer.
Pork	128.1-169.4	128.1-169.4	Do.
Lamb and mutton.	12.6-13.6	12.6-13.6	Do.
Butter	81.0	81.0	Manufacturer.
Canned vegetables:			
Crop costs	25.0	25.0	Canner.
Wages	5.0	5.0	Do.
Cheddar cheese	10.0	26.0	Manufacturer.
Coal	40.0	40.0	Importer into New England.
Coffee	1.1	1.5	Importer.
Fats and oils	13.2	15.0	Refiners.
Soybeans	11.0	12.0	Processor.
Nicotine sulfate	1.8	1.8	
Petroleum	50.0	145.0	Importer into district I.
Puerto Rican food.	2.5	2.5	
Sugar beets	46.4	15.0	Refiner.
Sugar transport		43.5	Do.
Tires	20.0	20.0	
Wheat for livestock.	39.0	55.0	Livestock feeders.

See footnotes at end of table.

TABLE II.—Present subsidies on cost-of-living commodities—Continued

[In millions of dollars]

	Amount of subsidy on civilian purchases	Cost of 1943 program	Level of subsidy
Corn price adjustment.	3.8	76.0	Shippers.
Fiber and flaxseed.	2.2	5.2	Manufacturer.
Subtotal.....	594.9-663.5	742.2-811.0	
War-risk insurance.	155.0	155.0	
Total.....	649.9-718.5	797.4-866.0	

¹ Break-down into civilian and Government commodities not available.

² Cost in fiscal year 1943-44.

³ Cost May 1942 through April 1943.

⁴ Cost of 1942 crop.

⁵ Fiscal 1943.

⁶ Three quarters ending June 30, 1943, at an annual rate.

⁷ June 1943, at an annual rate.

Mr. MALONEY. For many reasons I think it is important that the letter be placed in the RECORD at this time, because Senators will recall that earlier today the able Senator from Georgia [Mr. GEORGE] questioned the Senator from Ohio [Mr. TAFT] as to how much further the O. P. A. authorities might go in connection with subsidizing other commodities. I wish to make the record clear upon that point. There is no limitation, under the Taft amendment, on what the O. P. A. authorities might subsidize so long as they remain within the limitation of the amount of money therein provided. However, the letter which I have just read clearly points out how far they expect they might be compelled to go.

Mr. WILLIS. Mr. President, will the Senator yield?

Mr. MALONEY. I yield.

Mr. WILLIS. What principles are set up by which the Bureau is guided in fixing subsidies? Is there anything except the limitation in amount which may be prescribed?

Mr. MALONEY. No; that is the only limitation.

Mr. WILLIS. There is no principle or standard, or yardstick of any kind provided to control the operations of the Bureau?

Mr. MALONEY. As I understand, the only limitation is the amount of money provided in the Taft amendment, and whatever consolation one may obtain from the letter which I have read into the RECORD.

Mr. WILLIS. Then we are conferring authority upon the Bureau and giving it the right to exercise discretion and judgment with respect to the standards.

Mr. MALONEY. I am not entirely sure that I understand the Senator. I have said that there is no limitation on subsidizing commodities excepting as to the amount of money provided in the Taft amendment, or what is now the committee amendment. However, the Senator from Ohio is present and if he disagrees he may possibly wish to answer the question of the Senator.

Mr. WILLIS. The question of whether subsidies may be levied is left to the arbitrary judgment of the bureau, is that correct?

Mr. MALONEY. I think the agency must be governed by whatever circumstances may arise, and there is no limitation in the kinds of commodities.

Mr. WILLIS. No limitation other than as to the amount of money which may be paid.

Mr. MALONEY. I believe the Senator correct?

Mr. BANKHEAD. Mr. President, I wish to invite the attention of the Senator to the amendment about which he is probably not advised. I refer to the so-called committee amendment. Paragraph (d) of the amendment would provide a limitation to—

All commitments heretofore made for such purposes, shall be fulfilled out of the sum authorized herein, and no further commitments shall be entered into.

Mr. MALONEY. I am glad the Senator from Alabama has brought that up, and particularly since the Senator from Ohio is present.

Mr. BANKHEAD. The Senator did not hear the statement of the Senator from Connecticut.

Mr. MALONEY. I have stated that there is no limit to the kinds of commodities except the money limitation.

Mr. TAFT. I did not mean they had to carry out the program for a full year, if necessary. They made some press releases about it. They have not made anything which I would call a commitment except to the packers who are required to sell at a loss, with the understanding that they will get subsidies. It is a commitment to them. I do not think there is any commitment to continue the program beyond today if they do not want to. They can pay the difference.

Mr. MALONEY. That is my understanding, but that is not the question now raised.

Mr. BANKHEAD. It is on the Commodity Credit Corporation and not the R. F. C.

Mr. MALONEY. I was talking about the R. F. C.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point a newspaper article setting forth the views of Chester Bowles upon this subject. Mr. Bowles, who is the O. P. A. director for the State of Connecticut, is held in very high esteem in my State and by the O. P. A. authorities in Washington.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BOWLES SEES SUBSIDY REIN ON INFLATION—BELIEVES BY SUBSIDIZING FEW ESSENTIAL PRODUCTS COST OF LIVING CAN BE KEPT IN LINE

Prevention of inflation was shifted into the lap of Congress by Chester Bowles, State O. P. A. director, Monday night. In his regular weekly broadcast, he said that effective price control would be impossible without a congressional appropriation to be used as subsidies. A subsidy program might cost \$2,000,000,000, he estimated, warning that an increase in the cost of living by 20 percent would cost \$15,000,000,000 to consumers.

"If we are going to do a complete job of price control," Bowles stated, "we will need, sooner or later, some additional subsidy money from Congress. If we do not get it,

retail prices are going to continue on up. There are no two ways about that," he said flatly.

NOT FREE FROM DANGER

Bowles admitted that subsidies "are not free from danger and subsidies are not cheap." He pointed out that many medicinal drugs are also dangerous unless administered by skilled physicians. "Subsidies likewise should be applied to our economy only in the case of dire necessity," stated Mr. Bowles.

"Whether we like it or not, the facts are clear," Bowles summarized. "The limited use of subsidies, with all their dangers, is the one and only way in which we can meet higher production costs and still keep the prices you pay in the stores from moving steadily upward."

Defending the cost of subsidies, Bowles asserted, "They only cost a fraction of what inflation would cost." Explaining his stand, he said, "By subsidizing a few essential products, we can hold the entire cost of living in line. If instead of using subsidies, we allow those few prices to go up, pressure will quickly develop for price increases on other products. The resulting increase in the cost of living will then lead to an increase in wages, until the whole cost of living moves forward on a broad and expensive front."

SUBSIDY CUTS BUTTER COST

Bowles pointed out that subsidies had already reduced the price of butter by 5 or 6 cents and announced that, effective next Tuesday, reductions in the price of meat of from 2 to 8 cents would result from subsidies.

"Grade A round steak, for instance, will come down from a top legal ceiling price of 48 cents to 42 cents a pound," Bowles revealed. "Hamburger from 33 cents a pound to 29," he continued. "Grade A lamb chops from 66 to 60 cents, veal cutlets from 52 to 46 cents. Grade A bacon, sliced, from 47 to 42 cents." Bowles termed these "major price reductions" which "will mean a noticeable drop in your weekly food budget."

Dollars-and-cents ceiling, Bowles declared, is the only method of making price control "really effective." Because prices heretofore have been controlled under different types of ceilings, "it has often been hard to tell when you were being charged too much." This difficulty will be done away with the complete establishment of State-wide price ceilings, Bowles predicted.

With the sole exception of fresh fish, all food items will be under this dollars-and-cents control "very shortly," Bowles promised. "Fresh fish," he explained, "may never be under dollars-and-cents ceilings. Offshore fishing has been sharply curtailed and there is the constant problem of spoilage."

Mr. MALONEY. Mr. President, I also ask to have printed in the body of the RECORD at this point an Associated Press dispatch from the city of Chicago entitled "Serious shortages for civilians seen in coming months." I wish Senators to understand that I ask that the article be printed particularly because of my interest in the civilian supply bill, which was sponsored by myself, the Senator from Ohio, and the able Senator from Nevada [Mr. SCRUGHAM].

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SERIOUS SHORTAGES FOR CIVILIANS SEEN IN COMING MONTHS—FURNITURE EXECUTIVE WARNS STOCKS ARE DANGEROUSLY LOW

CHICAGO, June 21.—A serious situation in civilian home goods supplies will be reached in 4 or 5 months, "unless the Government applies remedies at once to avert

impending shortages that result from cutting civilian supply below minimum comfort standards," Roscoe R. Rau, executive vice president of the National Retail Furniture Association, said today.

In a statement at the opening of a 10-day summer home furnishings market at the American furniture mart and the merchandise mart, Rau stated that "available home goods supplies have never before been so limited in the face of such great demand."

"This is the eleventh hour," Mr. Rau said. "The fat of retail inventories has been reduced to a thin cushion that cannot much longer absorb the shock. Any realistic prediction as to the future of home goods stores must recognize that a serious situation will be reached in 4 or 5 months unless the Office of Civilian Requirements and other War Production Board agencies move to apply remedies at once. * * *

"Limitation of consumer durable goods has reached the level where it carries a direct threat to the war effort," he added. Shortages now existing, he said, include bedding and bedsprings, cutlery and kitchenware (less than 2 months' supply), baby carriages and juvenile furniture, wood furniture for eating and sleeping, and repair parts for home equipment.

Mr. MALONEY. Mr. President, I also ask to have printed in the RECORD at this point an article entitled "Civilian Goods in Wartime" from the Nation's Business for April 1943. The article was written by Mr. Charles H. Kaletzki, whom I do not know. The article deals with the civilian supply situation, which everyone knows to be serious and dangerous.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

CIVILIAN GOODS IN WARTIME

(By Charles H. Kaletzki)

With our reserve stocks of consumer goods well-nigh depleted, and our distributive system periled as a result, the time has come to initiate a drive to protect our civilian economy by resuming some production of consumer goods. Without that, the successful financing of a global war will be impossible.

Now, after 15 months of experience in actual war, the scope of military operations is becoming plain and we can see more clearly the dangers that lie ahead. It is now time for government to encourage consumer-goods production if—

1. The fundamental needs of American families are to be met even on a curtailed standard of living.

2. The distributive system which has been the basis for the creation of American wealth is not to be destroyed, thus opening the way for another system detrimental to American business.

3. The life of small American communities, which are the very essence of America, is to be maintained.

4. The opportunity for the obscure individual to rise is to be held as a promise to succeeding generations.

It is essential that government make it the responsibility of some substantial agency to bring these things about.

A year ago, a high Treasury official was told:

"If we destroy our distributive system, we destroy our wealth-producing facilities, on which you must depend for taxes—and for the sale of bonds."

His answer was:

"This is all-out war. Some are going to become wealthy, perhaps. Many more probably will lose. What of it? Hundreds of thousands of lives may be lost. No one knows whose lives. So it must be with busi-

ness. Let the chips fall where they may. Those who cannot withstand the pressure will have to go."

Apparently such foundation thinking in high places in Government was the background for curtailment.

"The people of England have proven they could do without. We in America can do without, too."

But time has shown that England—her consumer goods production virtually stopped—her wealth-producing facilities thus shrunken—had to be rescued by the Lease-Lend Act. Who can lease-lend to us?

The English pattern apparently was the basis of the government demand that people stop buying to invest in War bonds and stamps. It was unpatriotic to buy anything more than barest essentials. Indulging in luxury was traitorous.

In spite of the propaganda against buying, our retail stores in 1942 had the greatest dollar volume in history. It was greater than the fantastic totals of 1929. Figures for 1942 submitted by only 30 chain-store organizations showed a sales increase of 11.4 percent—with a total volume of \$4,877,118,361.

To do that volume it was necessary to dip deep into the reservoir of commodities which had been built up in the preceding years. Today the shelves of many stores are becoming bare. The smaller merchants are being told their stocks cannot be restored until after the war.

PENNIES AT WORK

Yet it is important that the men and women who are in war work, and earning money never before dreamed of, should be able to get something—no matter what—besides an accumulation of greenbacks as pay for their work.

Every dollar spent for merchandise is divided into many parts. Perhaps less than 25 percent represents the basic cost of manufacture. Several enterprisers and many hands might share even in that portion. Another portion goes to selling through the distributor, jobber, wholesaler, and retailer on its way to the consumer.

At each step, the few pennies taken from the consumer dollar accumulate with the volume of sales. They support American institutions, provide the funds for the payment of rent and taxes; send children to schools and colleges, maintain the common social services; permit contributions to the Red Cross, the Community Chest, the churches, and all the other things bound up with our way of life.

Remove merchandise from our stores, and there is no need for the merchant to advertise in his local newspaper. But the small-town press in America is vital to the maintenance of morale because a free press, the one sure means of keeping the people thinking the right way, can be maintained only through advertising. The newspaper publisher is not paid by public funds. He is paid by the business he operates—the business of printing the advertising of his local merchants. Publication of our 12,000 or more daily and weekly newspapers can continue only so long as stores have merchandise to sell.

Probably 90 percent of the merchandise needed for mercantile establishments is produced in factories that are actually the "small business" of this country.

It is perhaps inherent in the philosophy of American business that only those who consider themselves the victims of monopolistic pressure are regarded as "small business." Concerns able to function freely or without domination of so-called "big business" are somewhat reluctant to think of themselves as "small business."

Yet, in reality all American business is "small business," except that which is specifically under the control of corporations so large in their capital structure, or in their

operating affiliations, as to dominate the market in which they operate.

We should stop thinking of "small business" as the small "papa and mama" grocery store, the family-run repair shop, the village grist mill, or the small-town general store. The man in an upper bracket of earnings may not like to be thought of as a "little man"—but on a Nation-wide evaluation of his business stature, he might not be entirely at home in the company of General Motors, United States Steel, Du Pont, or our communication and transportation giants. Concerns whose volume runs into millions could well be "small business" in the American scheme.

FORGOTTEN RETAILERS

There has been a great cry that the so-called big companies have received the contracts for war material at the expense of the smaller. Early adherence to that method largely was responsible for the rapid development of the production facilities which have given us an offensive advantage. The smaller plants now are getting a larger share of the business. Few industries which could be converted have not been so converted. The business is being spread. Production of war material is well in hand. Large and small industries will continue to produce heroically for the military.

Now, then, is the time to say to American business:

"Let's rebuild the fences of our civilian economy."

The merchants of the country feel that they are the forgotten men—parasites on society in the eyes of official Washington. Change that attitude and the man behind the counter will swell with pride because he, too, then is a fighting man alongside his son off somewhere in Africa.

Recent testimony by representatives of wholesale and retail associations has clearly indicated that Government agencies have avoided consultation with such associations. Rather have they chosen other sources of information not nearly so likely to be well informed. These trade associations are respected in their fields. Their officials can well bespeak the support of their members for any program intended for the common benefit.

Eliminate the stigma of saboteur from the factory that cannot be converted. Make it work—out in the open—to preserve the civilian economy.

Government cannot ignore the creator of anything new in these times because we need new things to replace what has necessarily been eliminated. Tell the manufacturers that it is their duty to create new things—out of nothing, perhaps—and without the help of anyone except the janitor. They will find the way.

Who knows where there may be lurking another nylon—or rayon—or some form of synthetic rubber. The chemist is in his youth—literally.

Send out the call. Encourage genius. Stimulate the imagination of every boy in college—every laboratory technician—every adult scientist to find something new—something great—something trivial. Something that will make some one better pleased with his lot. And be sure that people understand it is not unpatriotic to buy it. It is buying that keeps money in circulation—that creates taxable wealth.

Some machinery must be available to produce these new things. Governmental departments must cooperate more closely in granting priorities for what is essential to the civilian economy.

The distribution of great sums on war contracts and the subsequent taxing of profit is not enough. Payment of high wages and subsequent subtraction in taxes and enforced saving are not enough. Such dollars are tax-

able only once, unless they are set in circulation in the channels of consumer trade.

MUST TRADE TO PAY

No one wants even to think in terms of business as usual. No one even expects to buy a pound of butter or a roast of beef as before. If necessary, and all believe it necessary, we can get along beautifully with oleomargarine, meat substitutes, a suit of overalls, and last year's hat. Those things are not important.

But, if we are to be the arsenal of the United Nations—and if we are to pay, for the present at least, for all the munitions which we are supplying, our sources of wealth must be enlarged—not curtailed.

The maintenance of commerce in the United States is essential to that creation of wealth.

It is important, therefore, that government help set in motion the development of every form of manufacture that can possibly provide consumer goods without interfering with the efficiency of the war-production program.

Victory will be achieved because it is the will of the people of America to win this war. Just as it is possible to perfect the organization for military victory—it is likewise within the realm of American ingenuity to find the way for preservation of our economy. It is a challenge to every American.

Mr. MALONEY. Mr. President, presuming upon the time and patience and generosity of the Senate for a moment longer, I ask unanimous consent to have printed in the body of the RECORD an article entitled "Why Not Deal Congress In," by the scholarly Senator from Michigan [Mr. VANDENBERG]. The article appears in the Coronet magazine, which was placed on the news stands yesterday. It deals with a subject of great importance. As modestly as I can, I should like to invite attention to the fact that I introduced a resolution which would—using the language of the Senator from Michigan—"deal Congress in." Hearings were held on the resolution before a subcommittee of the Committee on Military Affairs, and I am among those Senators who are hopeful that the resolution, which would create a committee to cooperate with the President, may be reported to the Senate in the near future. The resolution is referred to in this article.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

WHY NOT DEAL CONGRESS IN?

(By Senator ARTHUR H. VANDENBERG)

You can't be expected to play a poker hand if you aren't allowed to see the cards. Translated into the sterner lexicon of war this means that Congress cannot cooperate effectively if it is denied the total war information which wise decisions require. Today there is no adequate war liaison between the executive and the legislative branches of the Government. Even the Senate Foreign Relations Committee often has to get its information from the newspapers. The executive and the legislative functions are not in intimate gear. That is why I wrote the President 1 week after Pearl Harbor asking him how he would react to the creation of a Joint Committee on War Cooperation. And that is why Senator MALONEY of Connecticut has proposed Senate Concurrent Resolution No. 1. Democracy cannot function in a vacuum.

The actual conduct of a war is necessarily an Executive function, and no one wants to interfere with these Presidential prerogatives. But sooner or later Congress inevitably enters

the equation. The President can go his own way up to the point of declaring war; but only Congress can declare it. The President, in his constitutional role as Commander in Chief, runs the war; but only Congress can provide him with the implements. The President can negotiate a peace; but only the Senate can make it valid. It is an inextricable partnership from beginning to end.

Then, why aren't both partners working together in total, mutual confidence to best further the war effort? The reason is that there is no medium of constant contact to put the executive and the legislative gears of war in mesh.

It is not enough that military and naval leaders are constantly testifying to the House and Senate Military Affairs Committees regarding their immediate needs. Behind these mechanics lie the great, deep, basic questions of war policy, war strategy, and peace aims. The task of controlling them is assigned to the President. But except as Congress knows the pattern, it cannot intelligently cooperate in implementing it; and except as the President knows the congressional mind in respect to his pattern, he may head for needless trouble—and the country with him.

Of course, the strategy of a global war cannot be conducted in a show window. The White House cannot very well discharge its war function in a town meeting of 531 Senators and Congressmen. There would be too many leaks in a crowd of that size. But these handicaps simply emphasize the need for the creation of a small, select committee to act as the constant agent of Congress in intimate contact with the Chief Executive. All information available to the President should be instantly available to them.

The function would necessarily be highly confidential. This committee could not even openly report to Congress—unless so grave a dissent to Presidential policy should arise as to make the committee willing to take the appalling responsibility of laying the controversy bare. Yet, here would be a safety valve, made up of trusted representatives of the Congress, who would always be available to advise their colleagues on the most helpful legislative attitudes. Americans as a whole might well be better satisfied to feel that total war information being withheld from them was by no means solely lodged in an airtight White House compartment.

During the Civil War, Congress created a Committee on the Conduct of the War, which tangled Lincoln in so much red tape that it is always now pointed to as the horrible example we should avoid at all costs. The trouble was that the committee literally tried to conduct a function which must remain in Executive hands. Yet even the historians who criticize it the most bitterly concede that the mere fact of the committee's existence probably prodded the Union war effort into victory in much faster order. And today's proposed Committee on War Cooperation would deliberately profit from this record and refrain from interfering with the war functions of the Executive. It would simply add effective functioning for the Legislature—and thus be a boon to the common welfare.

It is no reflection on a man's eyesight to say that he can't see in a dark room. And it is no reflection on congressional wisdom to say that it cannot act without knowledge. Let me give you a striking example. On January 3, 1943, the State Department issued its famous White Paper outlining, for the first public time, the story of our relations with Japan preceding Pearl Harbor. Mark you, this was 13 months after Pearl Harbor. Even the Senate Committee on Foreign Relations did not know that our Ambassador to Japan, Mr. Grew, had notified our Government on January 27, 1941, that "there were reports from many sources that Japanese military forces planned a surprise attack

at Pearl Harbor in case of trouble with the United States."

Nor did we know that when the new Jap Ambassador, Nomura, arrived on March 8, 1941, the "President well realized the probability that Japan had already gone so far in a policy of conquest that it would be impossible to persuade her to stop." We did not know that on May 11, 1941, Secretary of State Hull told Nomura that "we propose to resist (Hitler) when and where such resistance would be most effective, whether within our own boundaries, on the high seas, or in aid of such countries as Great Britain."

We had generalized information. But we did not know what Churchill told his Parliament following the Atlantic conference; namely, "that the United States even if not herself attacked would (probably) come into the war in the Far East and thus make the final victory assured." Throughout that desperately vital year of preparation—from January to December, 1941—the Congress had to guess at its share of impending responsibility.

We knew, generally, that the Japs submitted a proposal on May 12. We did not know it demanded that we desert Chiang Kai-shek if he would not make a separate peace with Japan. We knew, generally, about the American proposal of June 21. We did not know that the Jap invasion of Indo-China, which our diplomatic spokesman bitterly opposed, caused our State Department to decide it "could see no basis for pursuing further the conversations in which (they) had been engaged." We did not know that this created "a situation in which the risk of war became so great that the United States * * * was confronted no longer with the question of avoiding such risk (the encirclement of the Philippines), but from now on with the problem of preventing a complete undermining of our security."

On August 6 the Japs counter-proposed again. Two days later their proposal was again denied. We most certainly did not know that on August 17 the President handed the Jap Ambassador a statement to the effect that if Japan persisted in pursuing her policy of military domination by force we would be compelled to take any and all steps to safeguard the rights of American nationals and insure the security of the United States.

To make a long story short, this diplomatic interchange continued. Prime Minister Konoye proposed a personal conference with Mr. Roosevelt. The idea was rejected without some sort of preliminary assurance of a different Nippon attitude. By November 3, 1941, Ambassador Grew again "warned of the possibility of Japan's adopting measures with dangerous suddenness which might make inevitable a war with the United States." Even the Senate Foreign Relations Committee had to wait until January 3, 1943, to find that out.

Then came the prize hellion from Tokyo—Special Envoy Kurusu—bent on more "peace" talk. On November 20, we learned 14 months later, Secretary Hull gave our final reply and Kurusu said "it was the end." Meanwhile, Knox and Welles had been commissioned by the Cabinet to make some speeches "to prepare the people for such developments." On November 28 Hull again warned the Cabinet that the Japanese "might make the element of surprise a central point in their strategy." On November 29 Hull told the British Ambassador—not Congress—that "the diplomatic part of our relations with Japan was virtually over and that the matter will now go to the officials of the Army and the Navy." Nine days later, Japan struck out of a clear sky on a peaceful Sunday morning and the war was on.

Now, do not mistake me. The American record is consistently aboveboard throughout this distraught year. I do not even remotely imply any criticism of it. The negotiations

with the treacherous Japanese could not have been conducted on a klieg-lighted movie lot.

Yet it is not impossible, under equivalent war circumstances, for Congress, acting through a responsible liaison committee, to have its responsible war leadership wholly informed of all such developments so that the resultant information, though still highly confidential, shall permit of intelligent congressional guidance. I wonder whether Pearl Harbor would have been so completely surprised on the morning of December 7 if the repeated warnings against such surprise had previously been a matter of discussion between the executive departments and a joint committee on war cooperation?

In the matter of post-war planning, we again question how Congress can act wisely if it has no connecting link with Executive commitments and policies regarding the attitudes of our allies. For instance, the very morning that Secretary of the Treasury Morgenthau was telling some of us about his plans for post-war international stabilization as a great secret, our plans were told to the world in London. Is it right that the American people should get their information about our foreign policy in press dispatches from London? This is a point never to be forgotten—when you deal Congress in, you come that much closer to dealing in the people. After all, it is their country.

Here's just one counter sample of the utility of candor between the Executive and Congress. The morning after General Eisenhower landed in north Africa, General Marshall called some 20 Members of Congress to a confidential room in the Pentagon. He frankly told us of the tremendous advantage of Eisenhower's cooperation with Admiral Darlan—an advantage reflected in saving thousands of American casualties otherwise expected, in saving at least 2 months' precious time in our offensive, in saving at least half of the French Fleet, in saving Dakar without the loss of a single life. Marshall begged that nothing should be said or done to upset the Darlan relationship.

What was the result? The disclosures remained absolutely confidential, but somehow they totally stopped any congressional criticism. The whole truth was invincible. It was invaluable to the President, to Congress, to General Eisenhower, to the war effort. It was just a little preview of the possibilities of a joint congressional committee on war cooperation.

Well, that's the whole story. Answering my letter of December 15, 1941, the President said he would welcome such a committee if Congress should choose to create it. But he adroitly suggested that there might be considerable congressional opposition to any plan which would thus concentrate the war liaison in a comparatively few congressional hands. He was quite right. But the tremendous necessity persists. The plan will not work, unless it is wholeheartedly embraced by all concerned. But upon that basis, a joint congressional committee on war cooperation can do much to integrate and unify the American war effort, to reinforce our dedication to total victory, and to democratize the process by which we win the war and then the peace. Yes, it is past time to "deal Congress in."

Mr. O'MAHONEY. Mr. President, I desire to ask the Senator from Connecticut a question before he takes his seat.

Mr. MALONEY. I yield.

Mr. O'MAHONEY. Does the Senator believe that the amendment which he has been discussing will have any effect on the shortages of civilian supply to which he referred?

Mr. MALONEY. By itself, I am very fearful that it will not. I think it is all-important that the Congress pass and the

President sign the civilian supply bill to which I referred. I think it important that we have a civilian supply claimant under statute. I rather expect that if such a law shall not be enacted—the bill has already passed the Senate—the executive branch of the Government will find it necessary to set up by Executive order a claimant for the civilian population of our country, with some powers.

Everyone knows, and I doubt that anyone knows better than the very able Senator from Wyoming, that the civilian supply situation in this country is becoming desperate, and in the matter of a few months I fear we will find ourselves confronted with another chaotic situation.

Mr. O'MAHONEY. I quite agree with the Senator, but I think he misunderstands my inquiry. I thought he had been addressing himself solely to the bill reported by the Banking and Currency Committee with respect to subsidies.

Mr. MALONEY. I was, and then I put an article into the Record, and I thought that was the matter to which the Senator referred.

Mr. O'MAHONEY. I can understand how the Senator was misled.

Let me say preliminary to the question which I shall again propound, that I have read the printed amendment offered by the Senator from Ohio, and I have read the committee amendment, which has not yet been printed, and I am frank to say that it seems to me that neither amendment deals with the primary problem. Both of them undertake, within certain limits, to place a restriction upon the power of the O. P. A. or of the R. F. C. or of the Commodity Credit Corporation to pay subsidies. But neither of them, it seems to me, offers any solution for the primary problem which now confronts the country, namely, the production of the foodstuffs which are needed for the armed forces, for the civilian supply, for lend-lease, and for the vast program of war relief which is being undertaken.

Mr. TAFT. Will the Senator from Connecticut yield?

Mr. MALONEY. Not for the moment. I did not understand the question of the Senator from Wyoming in the first place. I understand it now.

Those who advocate the program contend that it will increase production. I am fearful that without it there is a likelihood of curtailment of production, or a lack of production, or a failure of production in certain circumstances. But I should like to call attention to the fact that the primary purpose of the Taft amendment, as I understand it, is to bring about stabilization of wages and prices in this country so as to prevent a runaway, wild inflation.

Mr. TAFT. Mr. President, I do not quite agree with that, because the main purpose of my amendment is to prevent what we might call an over-all subsidy program, a \$2,000,000,000 or \$4,000,000,000 program. The fact that such a program is prevented will, to my mind, prevent the successful application of an absolutely arbitrary price level.

Mr. MALONEY. Will the Senator permit me to interrupt him a moment?

Mr. TAFT. I should like to make this point, because if the Government adopted the policy of maintaining by subsidy an absolute level of prices, I am convinced it would never get production. I am convinced that if we are to get production we will have to have a gradually adjusted price level. It should be very gradually adjusted. It will help hold down subsidies a little, but I think that if the Government goes ahead with what has been suggested as a policy, and use whatever may be necessary to maintain the cost of living, it will not have the nerve to use Government money in subsidies to secure enough production.

Mr. MALONEY. I should like to point out right there that the first thing I said when I rose was exactly what the Senator from Ohio has now said, that without the limitation of this amendment there would be no restraining influence on the program already adopted, that the administration could spend billions of dollars, that it had its own subsidy program, and that it became necessary for Congress to do something about it. I want the Senator to know that I understand that important purpose of his amendment. But stabilization is the aim of the subsidy program.

Mr. TAFT. I understand. I do not purport to say that the amendment is intended to increase production, but I do say that it seems to me it would prevent the application of a policy which I think would be fatal to production.

Mr. O'MAHONEY. If the Senator from Connecticut will yield to me, the answer of the Senator from Ohio confirms the opinion which I have. I am aware of the position which he has taken at the outset in regard to price-control legislation, but I realize from observations which I have been making, and from the reports which come to me, that producers throughout the United States, particularly of agricultural commodities and of food, are now under the greatest handicap, and that the production of agricultural commodities and of food is being cut down. So it seems to me the primary objective of our consideration now should be not alone the assertion of some degree of congressional control over the payment of subsidies, an objective with which I thoroughly agree, but that we should not fail at this time so to write the amendment that we shall once more encourage the production of agricultural commodities. The most unfortunate situation in which we find ourselves, it seems to me, is that there is no hesitation to pay whatever prices may be necessary to obtain other materials, but not as to food.

Mr. MALONEY. Let me interrupt the Senator to say it is a combination of circumstances.

Mr. O'MAHONEY. The Senator is correct.

Mr. MALONEY. Subsidies were proposed by the O. P. A. and others, as I have understood, in order to stabilize prices and wages. They do have a bearing on production. If you roll back prices without a subsidy you destroy needed production. In the State in which I live the dairy farmers have maintained

they were not making money, that they were actually losing money, that they could not continue in the dairy business unless there should be an increase in prices. A price increase there and price increases elsewhere, which would be justified if an increase were allowed in one instance, would ultimately result in a demand for higher wages. It would not be only higher wages in one or two instances, because when foodstuffs rise in price a demand is created for higher wages all across the board, and that means the man in the furniture factory wants higher wages, which means an increase in the cost of furniture. We would start dealing only with foodstuffs, but would finally find ourselves confronted with an increase in the price of everything. Unless we subsidize or raise prices, there is in my State a danger of curtailed production. We do not want to increase prices, because we want to keep wages stabilized. So I think that without the Taft amendment or something like it there is a danger of curtailed production.

Mr. O'MAHONEY. That leads me to the next question, whether there is anything in the Taft amendment which would in any degree whatsoever furnish such encouragement or support to the producer as would prevent him from going out of business.

Mr. MALONEY. Yes; there is something in the amendment which would do just that.

Mr. O'MAHONEY. What is it?

Mr. MALONEY. In paragraphs (a) and (b) of section 5, dealing with strategic and critical materials, and so forth.

Mr. O'MAHONEY. Paragraph (a) deals with transportation.

Mr. MALONEY. Paragraph (a) deals with transportation; yes.

Mr. O'MAHONEY. That does not help.

Mr. MALONEY. It might save people from going out of business.

Mr. O'MAHONEY. It would not save a producer from going out of business.

Mr. MALONEY. Then I did not clearly understand the Senator's question, but paragraph (b) would certainly keep the producer in business. The whole purpose of the original act was to pay a subsidy in order to obtain additional strategic and critical materials which otherwise could not have been mined. I do not think that is in keeping with what the Senator had in mind, but he asked whether there was anything in the amendment which did that sort of thing.

Mr. BANKHEAD. Mr. President, will the Senator yield?

Mr. MALONEY. I yield.

Mr. BANKHEAD. There seems to be an assumption that there is nothing in the amendment which does not help the producers.

Mr. MALONEY. I do not have that impression.

Mr. BANKHEAD. Others have.

Mr. O'MAHONEY. That is the impression I have.

Mr. BANKHEAD. I have observed that. Let me point out also that certain commodities have gone considerably beyond the price level; in other words, com-

modities in which my friend the Senator from Wyoming is interested have reached a rather high point compared with the former prices, and it is desired, or it becomes necessary to get such commodities in line with others. What is the procedure? How is that to be done if runaway prices occur? There are only two ways to do it. One is to roll back the price to the producer, and the other is to roll back the price to the processor. Discretion exercised with respect to the prices of fresh vegetables. It was thought they had gotten too high. Then there was the suggested program of rolling the prices back without subsidy, so that the producer would take the loss.

Let us consider meat. We all know there has been a discussion, into which I shall not enter, with respect to meat, as well as butter, being out of line. Here is a program which proposes to roll them back. But the effort is not to roll prices back to the producer, but to roll them back and let the processor pay the loss. It is proposed that the roll-back stop at the processor, and that he pay the loss. That, of course, saves a reduction to the producer and a consequent loss in production.

Mr. MALONEY. That is my view.

Mr. O'MAHONEY. Mr. President, will the Senator yield to me for a remark at that point?

Mr. MALONEY. I yield.

Mr. O'MAHONEY. What my distinguished friend from Alabama has said—

Mr. MALONEY. I do not think the Senator is going to query me, but that he is going to make a statement.

Mr. O'MAHONEY. Yes.

Mr. MALONEY. I shall yield the floor by saying, Mr. President, that subsidizing foodstuffs is foreign to my natural desires. It is not a thing I want to do. I join in the effort to pass this bill because I think under all the circumstances it is important to do it. I should not like to dynamite the home in which I live, but every Senator knows that a time comes when a great conflagration is raging when, in an effort to stop the fire, it becomes necessary to dynamite homes which are not on fire. I think we are now in that kind of a situation, and that is what motivates my interest in and support of the pending bill.

Mr. O'MAHONEY. Mr. President, I intend to make only a few remarks. The statement of the senior Senator from Alabama [Mr. BANKHEAD] that the subsidy program contemplated by the amendments brought in by the Committee on Banking and Currency would prevent a roll-back upon the producer is, I think, very sound in theory, but very unsound in practice. The announcement of the subsidy program which the amendments are intended to implement, was followed immediately by a substantial decline in the price paid the producer of live animals.

Mr. BANKHEAD. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. BANKHEAD. Was not that the result of the fear on the part of the proc-

essors that there would be a roll-back on them?

Mr. O'MAHONEY. It was no doubt due to psychological elements, but the fact is that the price did roll back. When we discuss this problem on the floor of the Senate, and in the newspapers, and on the radio, we are constantly talking about the roll-back. The roll-back from the very beginning meant just what the word implies, rolling the cost back from the consumer to the producer.

Mr. BANKHEAD. No.

Mr. O'MAHONEY. That is what it has been interpreted to mean.

Mr. BANKHEAD. No.

Mr. O'MAHONEY. When the R. F. C. and the O. P. A. program of paying subsidies to the packers was announced it was followed immediately by a fall in the price of live animals.

I picked up a Washington newspaper which had over an article what to me was a very expressive heading: "Price of meat is reduced—if you can find any."

We need meat. We need food. We need to raise agricultural commodities. Agricultural commodities are as important now, to a war effort, as are guns, tanks, and airplanes, because we cannot feed an Army unless we have agricultural production. We can do none of the things we are asked to do and are endeavoring to do unless we continue to produce agricultural commodities.

A program which does not supply to the producer the incentive to produce fails in the most important of all the objectives we should have in mind. I have read this afternoon the two amendments which will be under consideration tomorrow. There is a striking fact about them both. They would amend the existing law by eliminating the provision of the Emergency Price Control Act which requires that subsidies shall be paid to producers. Under both amendments, the subsidies might be paid to anyone. Under both amendments, subsidies might be paid to whatever persons the Office of Price Administration and the Reconstruction Finance Corporation might select.

Mr. President, it seems to me that is a fundamental weakness. If we can agree, as I think we must agree, that the production of agricultural commodities is an absolute essential; if we can agree, as I think we must agree, that the conditions which have existed since we passed the Emergency Price Control Act have resulted in discouraging production, then it seems to me that our objective in amending the bill now before the Senate should not alone be to assert congressional authority over the amount of the subsidy; our concern should also be to determine to whom the subsidy is to be paid, and even more important than that, our concern should be to make certain that when the bill leaves this Chamber it will be drawn in such language that the agricultural producers of the country will know that it is the intention of the Congress, the intention of the Government, to encourage and to protect the production of agricultural commodities.

If we fail to do that, Mr. President, we shall have added nothing toward the so-

lution of the perplexing and confusing problem which is discouraging production in every ranch State and farm State of the United States.

TEMPORARY CANCELCATION OF VISIT TO
SOLDIERS RETURNING FROM NORTH
AFRICA

Mr. McNARY. Mr. President, yesterday afternoon the able Senator from North Carolina [Mr. REYNOLDS] gave notice that all Members of the Senate had been invited by Army officials to join in a visit to the New York area on the 24th of June. I am told by some Senators that they wish to leave the city this afternoon, and some will probably leave tomorrow. In view of the congested docket and the legislative program we must complete between now and June 30, including appropriation bills and conference reports, some effort should be made to advise Senators not to leave the city. I have discussed the matter today with the very distinguished acting majority leader, who got in touch with the War Department, and I should like to have him make a statement so we can advise the Senators who contemplate going to New York that the trip should be called off.

Mr. HILL. Mr. President, in the absence on very important official business of the distinguished Senator from North Carolina [Mr. REYNOLDS], the chairman of the Senate Committee on Military Affairs, I beg to advise the Senate that I have been in touch with the War Department. The War Department recognizes the urgent situation confronting the Congress at this time, the necessity and the compulsion for the passage of appropriation bills by next Wednesday. The War Department recognizes that many of them are war bills and carry money for the war effort. Recognizing

that situation, the War Department has authorized me to advise the Senate that the proposed trip, leaving Washington tomorrow, Thursday evening, June 24, and visiting hospitals in New York City, and other places in that vicinity on the next day, Friday, June 25, has been temporarily postponed. The trip, as originally planned, to leave Washington on the 24th, will not be made. The War Department advises me, however, that the trip will be made later, at a more convenient and practical time. So the trip, as planned, will not be made. It has been temporarily postponed.

WAR MANPOWER COMMISSION NOMINA-
TIONS CONFIRMED

Mr. WILLIS. Mr. President, yesterday in executive session certain nominations in the War Manpower Commission were under consideration; and the distinguished minority leader of the Senate, the Senator from Oregon [Mr. McNARY] courteously requested that the nominations be passed over until he could obtain the approval of the junior Senator from Indiana.

Having previously notified the Committee on Military Affairs that I had no objection to the confirmation of the nominations, I now request unanimous consent that, as in executive session, the nominations be confirmed en bloc.

The PRESIDING OFFICER. Is there objection? The Chair hears none; and, without objection, the nominations are confirmed en bloc.

Mr. WILLIS. As in executive session, I request that the President be immediately notified of the confirmation of the nominations.

The PRESIDING OFFICER. Without objection, the President will be notified forthwith.

EXECUTIVE MESSAGE REFERRED

As in executive session,

The PRESIDING OFFICER (Mr. MURDOCK in the chair) laid before the Senate a message from the President of the United States submitting a nomination in the Diplomatic and Foreign Service, which was referred to the Committee on Foreign Relations.

(For nomination this day received, see the end of Senate proceedings.)

RECESS

Mr. HILL. Mr. President, I move that the Senate take a recess until 11 o'clock tomorrow morning.

The motion was agreed to; and (at 5 o'clock and 26 minutes p. m.) the Senate took a recess until tomorrow, Thursday, June 24, 1943, at 11 o'clock a. m.

NOMINATION

Executive nomination received by the Senate June 23 (legislative day of May 24), 1943:

DIPLOMATIC AND FOREIGN SERVICE

Donal F. McGonigal, of New York, now a Foreign Service officer of class 8 and a secretary in the Diplomatic Service, to be also a consul of the United States of America.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 23 (legislative day of May 24), 1943:

WAR MANPOWER COMMISSION

APPOINTMENTS

Wilfred Bradshaw, of Indiana, to be area director, at \$5,600 per annum, in the Indianapolis area office.

John R. Kelly, of Indiana, to be area director, at \$4,600 per annum, in the Muncie area office.

Edward D. Connor, of Indiana, to be area chief of training, at \$4,600 per annum, in the Chicago area office.

House of Representatives

WEDNESDAY, JUNE 23, 1943

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, we humbly pray that the mountaintops may soon glow with the glory of a redeemed future and the valleys echo with the voice of peace; that the skies of the world may be cleared, all ominous clouds rifted, and the altars of the Prince of Peace be encompassed by the children of our Father in heaven. Dear Lord, for this good earth, we thank Thee; we would have our feet press its soil for a thousand years to come; O keep us looking unto the heights, beyond whose cliffs eternal rest abides.

Teach us that no one can call Thee Father without having man for a brother. Manifest unto us the wonder of the Great Name which stands for brotherhood, tolerance, and for the oneness of the family of God. In wisdom, unselfishness, and sacrifice, grant that our lives may become most persuasive, humble, and tranquil. Dear Lord, if every possessor of wealth, every wielder of authority and power prayed daily: "Thy kingdom come on earth as it is in heaven," what a blessed world there would be—paths of peace, of plenty, and of pleasantness for all—hail the day. We pray for the enlargement of spiritual vision that we may discover the riches of happiness which prayer has the power to unseal. In the Saviour's name. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed without amendment bills and a joint resolution of the House of the following titles:

H. R. 338. An act to authorize the incorporated city of Anchorage, Alaska, to purchase and improve the electric light and power system of the Anchorage Light & Power Co., Inc., an Alaska corporation, and for such purpose to issue bonds in the sum of not to exceed \$1,250,000 in excess of present statutory debt limits;

H. R. 2292. An act to amend an Act entitled "An Act to provide for the use of the American National Red Cross in aid of the land and naval forces in time of actual or threatened war"; and

H. J. Res. 131. Joint Resolution giving the consent of the Congress to an agreement between the State of Indiana and the Commonwealth of Kentucky establishing a boundary between said State and said Commonwealth.

The message also announced that the Senate had passed a concurrent resolution of the following title, in which the concurrence of the House is requested:

S. Con. Res. 15. Concurrent resolution authorizing a change in the enrollment of H. R. 2612.

The message also announced that the Senate agrees to the amendments of the House to a bill of the Senate of the following title:

S. 219. An act to equalize certain disability benefits for Army officers.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 332. An act to revise the Alaska game law.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 2513. An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1944, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill; requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. O'MAHONEY, Mr. GLASS, Mr. OVERTON, Mr. THOMAS of Oklahoma, Mr. McCARRAN, Mr. NYE, and Mr. HOLMAN to be the conferees on the part of the Senate.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 2536. An act to amend the Act entitled "An Act to provide for the promotion of vocational rehabilitation of persons disabled in industry or otherwise and their return to civil employment", approved June 2, 1920, as amended, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. THOMAS of Utah, Mr. ELLENDER, Mr. LA FOLLETTE, Mr. TAFT and Mr. AIKEN to be the conferees on the part of the Senate.

RESIGNATION FROM COMMITTEES

The SPEAKER laid before the House the following resignation from committees:

JUNE 21, 1943.

Hon. SAM RAYBURN,
Speaker of the House,
Washington, D. C.

DEAR MR. SPEAKER: I desire to tender herewith my resignation from the following committees: War Claims, Election of President,

Vice President, and Representatives in Congress.

Sincerely yours,

ARTHUR G. KLEIN.

The SPEAKER. Without objection, the resignation is accepted.
There was no objection.

THE LATE JOSEPH ALOYSIUS CONRY

Mr. CURLEY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. CURLEY. Mr. Speaker, it becomes my very painful duty to direct the attention of the membership of the House of Representatives to the death of former Congressman Joseph Aloysius Conry. Congressman Conry served as a Member of the Fifty-seventh Congress from 1901 to 1903, inclusive.

Few men have been permitted as wide a field of experience and as large a measure of opportunity for usefulness to one's fellow man and one's country than did Congressman Conry. Nearly half a century ago, he was elected president of the Boston Common Council, which position he held for 2 years, bringing to that turbulent body a dignity and a poise such as it has never previously or since experienced. In 1898 he served as a member of the board of aldermen for the city of Boston and became chairman of that body during the first year of service, then as a Member of Congress, and upon the termination of his service in that body he resumed the practice of law which had been interrupted during his term in Congress.

In 1912 he was appointed consul to represent Russia in which capacity he served for many years. During his term of service as Russian consul he was decorated by the then Czar of Russia, Nicholas II, and designated a Knight of St. Anne. From 1911 to 1916 he served as a director of the port of Boston and from 1922 to 1925 as traffic commissioner. In these various positions of prominence and honor held by him, he was responsible for a large measure of the progressive and humanitarian measures that through his leadership became law in Massachusetts. He worked indefatigably for the benefit of the underprivileged and for the development of the resources of the Nation, State, and city. He not only took rank as a statesman but as an orator and a profound student while never losing the common touch, since regardless of how exalted the position which he might hold to his friends and acquaintances he was always known as "Joe." When I think of Joe Conry, whom I have known during my entire

S. 1108

IN THE SENATE OF THE UNITED STATES

JUNE 23 (legislative day, MAY 24), 1943

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. BANKHEAD (for the Committee on Banking and Currency) to the bill (S. 1108) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and to provide for an audit by the General Accounting Office of the financial transactions of the Corporation, and for other purposes, viz: In lieu of the language proposed to be inserted on page 5, beginning with line 16, and extending through line 12 on page 6, insert the following:

- 1 SEC. 5. Notwithstanding the provisions of section 2 (e)
- 2 of the Emergency Price Control Act of 1942, or other
- 3 provisions of law, neither the Commodity Credit Corpora-
- 4 tion, the Reconstruction Finance Corporation, its subsidiaries,
- 5 nor any other Government-owned corporation, shall pay any

1 subsidies or purchase any commodities for the purpose of
2 selling them at a loss, or borrow any money to be used for
3 such purpose, nor shall any appropriation heretofore or
4 hereafter made by the Congress be used for any such purpose
5 except as provided in this section or hereafter expressly
6 authorized by the Congress.

7 (a) The Reconstruction Finance Corporation is author-
8 ized to borrow money and pay to shippers of commodities
9 or others the increased costs of transportation resulting from
10 the war emergency.

11 (b) The Reconstruction Finance Corporation is au-
12 thorized to borrow money and to pay subsidies relating to,
13 or purchase for the purpose of selling at a loss, strategic and
14 critical materials necessary to the manufacture of equipment
15 and munitions of war for the United States Government or
16 any of the United Nations, and to subsidize the high cost
17 production of minerals to increase the production thereof.

18 (c) The Reconstruction Finance Corporation is author-
19 ized to borrow not to exceed \$500,000,000, and to use or
20 allocate any part of said sum prior to July 1, 1944, to pay
21 subsidies or purchase commodities for the purpose of selling
22 them at a loss, in order to obtain the maximum necessary
23 production of such commodities or to prevent price increases
24 thereof. All commitments heretofore made for such pur-
25 poses shall be fulfilled out of the sum authorized herein, and

1 no further commitments shall be entered into hereafter with
2 any producers, processors, manufacturers, or distributors
3 which cannot be fulfilled out of said sum.

4 (d) The Commodity Credit Corporation is authorized
5 to borrow not to exceed \$175,000,000, and to use or allo-
6 cate any part of said sum prior to July 1, 1944, to pay sub-
7 sidies or purchase commodities for the purpose of selling
8 them at a loss, in order to obtain the maximum necessary
9 production of such commodities or to prevent price increases
10 thereof. All commitments heretofore made for such purposes
11 shall be fulfilled out of the sum authorized herein, and no
12 further commitments shall be entered into hereafter with any
13 producers, processors, manufacturers, or distributors which
14 cannot be fulfilled out of said sum.

15 (e) The President may transfer any part of the sum
16 authorized under paragraph (c) hereof for use under para-
17 graph (d), or any part of the sum authorized under para-
18 graph (d) for use under paragraph (c). The Reconstruc-
19 tion Finance Corporation may exercise any of the powers
20 conferred herein through any of its subsidiary corporations.

21 (f) Nothing herein shall be construed to prevent the
22 making of parity payments, soil conservation payments, or
23 benefits to sugar growers, or the sale of feed wheat, as
24 authorized by existing law.

AMENDMENT

Intended to be proposed by Mr. BANKHEAD (for the Committee on Banking and Currency) to the bill (S. 1108) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and to provide for an audit by the General Accounting Office of the financial transactions of the Corporation, and for other purposes.

JUNE 23 (legislative day, MAY 24), 1943

Ordered to lie on the table and to be printed

78TH CONGRESS
1ST SESSION

S. 1108

IN THE SENATE OF THE UNITED STATES

JUNE 23 (legislative day, MAY 24), 1943

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. CLARK of Missouri to the bill (S. 1108) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and to provide for an audit by the General Accounting Office of the financial transactions of the Corporation, and for other purposes, viz: Amend the bill in the appropriate place:

1 That on and after the date of enactment of this Act no
2 authority shall be exercised by the Price Administrator,
3 the Federal Loan Administrator, or any other governmental
4 agency or corporation with respect to the making of any
5 subsidy payments under section 2 (e) of the Emergency
6 Price Control Act of 1942, as amended, and any authority

1 contained in such section with respect to the making of
2 subsidy payments is hereby repealed: *Provided*, That
3 nothing in this Act shall be construed to affect in any man-
4 ner the rights or interests of any person who has acted in
5 good faith in reliance upon any regulation or order issued
6 prior to the date of enactment of this Act with respect to
7 such subsidy payments under the authority of such section
8 2 (e), and to the extent necessary to protect the rights or
9 interests of any such person in connection with transactions
10 heretofore made or entered into such subsidy payments may
11 be made.

AMENDMENT

Intended to be proposed by Mr. Clark of Missouri to the bill (S. 1108) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and to provide for an audit by the General Accounting Office of the financial transactions of the Corporation, and for other purposes.

JUNE 23 (legislative day, MAY 24), 1943

Ordered to lie on the table and to be printed.

78TH CONGRESS
1ST SESSION

S. 1108

IN THE SENATE OF THE UNITED STATES

JUNE 23 (legislative day, MAY 24), 1943

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AMENDMENT

Intended to be proposed by Mr. AIKEN (for himself and Mr. GILLETTE) to the bill (S. 1108) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and to provide for an audit by the General Accounting Office of the financial transactions of the Corporation, and for other purposes, viz: On page 5, lines 16 through 25, and on page 6, lines 1 through 12, strike all of same and insert the following in lieu thereof:

- 1 SEC. 5. No maximum price shall be established or main-
- 2 tained for any agricultural commodity or commodity proc-
- 3 essed or manufactured in whole or substantial part from any
- 4 agricultural commodity, including milk and its products and
- 5 livestock, under authority of the Emergency Price Control

1 Act of 1942 as amended by Public Law Numbered 729,
2 approved October 2, 1942, below a price which will reflect
3 to the producers thereof in the market place, the higher of,
4 the maximum prices provided in section 3 of Public Law
5 Numbered 729, approved October 2, 1942, or the support
6 price therefor as heretofore or hereafter announced by the
7 Secretary of Agriculture or the War Food Administrator and
8 which maximum price shall conform in all other respects to
9 the provisions of section 3 of such Act, as amended; nor
10 shall any subsidy or other payments, other than those which
11 have accrued prior to the effective date hereof, be made
12 either directly or indirectly by the Government or any agency
13 thereof, including any Government-owned or controlled cor-
14 poration, to a producer, processor, manufacturer, or any other
15 person engaged in the production, marketing, distribution, or
16 handling of any such commodity either (1) for any reduction
17 or roll-back of maximum prices so established as may have
18 been or may hereafter be ordered, or (2) as a substitute for
19 or in lieu of increasing maximum prices already or hereafter
20 established, or (3) to maintain any maximum price already
21 or hereafter established, from any funds heretofore or here-
22 after appropriated to, borrowed under congressional authori-
23 zation by, or in the custody or control of any governmental
24 agency, including any Government-owned or controlled cor-
25 poration, unless the Congress shall have specifically author-

1 ized the use of such funds for such purpose, except that the
2 foregoing prohibition shall not apply until the end of the
3 current crop season to any such commodity, other than milk
4 and livestock and the products thereof, with respect to which
5 the Government or any agency thereof was committed to
6 the payment of such subsidies or other payments on June 15,
7 1943, or to Government-owned wheat sold for feeding pur-
8 poses only if sold at not less than the parity price of corn,
9 or to prevent such adjustments in the price supports and
10 price ceilings on competitive domestic vegetable oils and
11 fats as may be required to bring about or to maintain the
12 necessary relationship in the prices of such products that is
13 required to assure adequate production for the war effort:
14 *Provided*, That nothing contained in this section shall be
15 construed to prevent the payment of all or any part of the
16 purchase price or adjusted purchase price heretofore or here-
17 after paid or to be paid for such commodities sold to any
18 governmental agency for governmental use. The definition
19 of the term "person" in section 302 (h) of the Emergency
20 Price Control Act of 1942, shall apply to the term "person"
21 as used herein.

AMENDMENT

Intended to be proposed by Mr. ARKEN (for himself and Mr. GILLETTE) to the bill (S. 1108) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and to provide for an audit by the General Accounting Office of the financial transactions of the Corporation, and for other purposes.

JUNE 23 (legislative day, MAY 24), 1943

Ordered to lie on the table and to be printed

DIGEST OF PROCEEDINGS OF CONGRESS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE
(Issued June 25, 1943, for actions of Thursday, June 24, 1943)

(For staff of the Department only)

Contents

A.A.A.....27	Labor-Federal Security	Roads.....14
Appropriations...2,3,3a,12	appropriation bill.....2	Rural life.....37
Bureaucracy.....32	Labor standards.....42	Second deficiency ap-
Commodity Credit.....1	Lend-lease.....30	propriation bill....12
Dairy industry.....42,45	Loans, farm....10,31,35,38	Selective service....25
Emergency fund.....12	Lumber.....40,44	Small business.....19
Farm Security.....34	Machinery, farm.....26	Strategic materials...1
Fats and oils.....47	Meat.....12,13,40	Subsidies.1,12,13,28,32
Fisheries.....5	Migration.....33	Taxation.....9,17
Flood control.....11,20	Milk marketing.....45	Transportation 1,8,14,39
Flood damage.....24,26,27	Minerals.....17	Treasury-Post Office
Food administration.....23	Personnel.....7	appropriation bill..3a
Food distribution....45,46	Potatoes.....8,39	Urgent deficiency ap-
Food production....6,27,32	Price control.....1,12,13	propriation bill.....3
Food shortage.....29	28,36,40	Vocational rehabili-
Food waste.....8	Priorities.....26,48	tation.....16
Forest products.....17	Purchasing.....43	War mobilization....33
Inflation.....36	Reclamation.....22	Water conservation...21
Information.....18	Rationing.....41	Women's Army Auxiliary.15
Labor, farm.....6,12	Retirement.....7	Work relief.....12

SENATE

1. Commodity Credit. Continued debate on S. 1103, to increase the borrowing power of CCC, continue it as a U. S. agency, etc. (pp. 6456-85). A vote is expected today on an amendment by Sen. Clark, Mo., to repeal the subsidy authority of Sec. 2(e) of the Price Control Act (p. 6479), and an amendment to the amendment by Sen. George, Ga., to permit RFC to pay subsidies for (a) transportation and (b) production of strategic materials necessary for war production (p. 6485). A vote is then expected on an amendment by Sen. Aiken, Vt., to prohibit subsidies unless specifically authorized by Congress, permitting such payments, however, to liquidate commitments already made (p. 6469). Another amendment, by Sen. Taft (favored by the Committee) would permit RFC to pay \$500,000,000 in subsidies and would permit CCC to pay \$175,000,000. Sens. George and Johnson of Colo. submitted amendments which they intend to propose (not printed in the Record)(p. 6455). The debate centered around the Clark, Aiken, and Taft amendments. Acting Majority Leader Hill attempted to obtain agreement on a limitation of debate, but Sen. George objected (pp. 6465-66).
2. Labor-Federal Security appropriation bill. Appropriations Committee reported with amendments this bill, H. R. 2935 (S. Rept. 342)(p. 6485).
3. Urgent deficiency appropriation bill. Rejected, 17-52, the second conference report on this bill, H. R. 2714 (pp. 6486-95). The point at issue was the prohibition against salary payments for 3 employees. The report also provided for elimination of restrictions upon the use of the President's emergency fund.
- 3a. Treasury-Post Office appropriation bill. Both Houses agreed to the second con-

ference report on this bill, H. R. 1648 (pp. 6486, 6499). (For provisions of the report see Digest 117.) This bill will now be sent to the President.

5. Fisheries. Passed without amendment S. 1242, to authorize appropriations, until July 1, 1945, or such earlier time as Congress may designate, for salaries and expenses of the Office of Fishery Coordination (Interior Department) under Food Directive 2 (p. 6495).
6. Food production. Sen. Wiley, Wis., spoke in favor of using the Army to relieve the farm-labor situation in the harvest (p. 6466).
7. Personnel; retirement. Civil Service Committee reported with amendments S. 878, to increase the annuities under the Civil Service Retirement Act, for the war period (S. Rept. 341)(p. 6454).
8. Food waste; transportation. Sen. Davis, Pa., discussing the "considerable amount of perishable food...destroyed in transit" stated, "Every ounce of food that is wasted or lost, no matter from what cause, will only serve to undermine our war effort," and inserted a Pittsburgh Press article on the spoilage of 10,000-bushel shipment of potatoes, stating that "the terrific spoilage is due to a ruling of the Interstate Commerce Commission and Office of Defense Transportation prohibiting use of ice in railroad cars to refrigerate potatoes coming in from the South" (pp. 6455-56).
9. Taxation. Agreed, without amendment, to H. Con. Res. 30, to authorize the printing of additional copies of H. Doc. 237, "Questions and Answers on the Tax Bill" (p. 6455). The House had already agreed to it.
10. Farm credit. Sen. Wherry, Nebr., inserted a constituent's letter regarding the competition between country banks and Government loaning agencies, stating, "I think it would be too bad if country banks were forced out of business because of Government loaning agencies" (p. 6454).
11. Flood control. Received from the President a proposed provision to make available unobligated balances of War Department flood-control appropriations for construction of a dam and reservoir on Mosquito Creek, Ohio. To Appropriations Committee. (S. Doc. 74.) (p. 6454.)

HOUSE

12. Second deficiency appropriation bill. Passed with amendments this bill, H. R. 3030 (pp. 6500-30).

Agreed to an amendment by Rep. Cannon, Mo., providing that these funds may be used to reimburse the emergency fund for the President for advances to meet obligations for which funds are provided in this bill (p. 6529).

Rejected amendments by Rep. Taber, N. Y., to strike out Puerto Rico from the work-relief item and to reduce the appropriation in that item from \$7,000,000 to \$500,000 (pp. 6520-26). The \$81,600 Board of Legal Examiners (CSC) item was stricken on a point of order by Rep. Taber (p. 6519).

Rep. Kleberg, Tex., criticized the roll-back and subsidy program (pp. 6500-03).

Rep. O'Connor, Mont., criticized the meat shortage in the civilian market while the "big packing plants of the country are filled with beef" (pp. 6503-04). Rep. Celler, N. Y., criticized the meat producers' action of holding their meat as a "strike against the consumers" (p. 6505). Rep. Fulmer., S.C. defended the farmers, stating that "they [the prices] are going down every

S. 241. An act for the relief of Rachel Acerra;

S. 282. An act for the relief of Walter C. Blake;

S. 373. An act for the relief of Charles Favors;

S. 410. An act for the relief of James B. Lewis, Jarvis T. Mills, and Richard D. Peters;

S. 414. An act for the relief of Thaddeus C. Knight;

S. 510. An act for the relief of Inez Smith;

S. 516. An act for the relief of the Nashville, Chattanooga & St. Louis Ry.;

S. 520. An act for the relief of Freddie Sanders and Edd Harris;

S. 625. An act for the relief of A. C. Blount and Oscar Williams;

S. 628. An act for the relief of Lawrence Anthony, R. E. Murphy, Mary E. Armstrong, and R. E. Murphy as administrator of the estate of Ella Murphy;

S. 671. An act for the relief of Charles Francis Fessenden;

S. 684. An act for the relief of Lt. M. V. Daven;

S. 695. An act for the relief of Joseph F. Bolger;

S. 717. An act for the relief of Cinda J. Short;

S. 743. An act for the relief of Mr. and Mrs. Walter H. Kindon;

S. 765. An act for the relief of Viola Dale;

S. 807. An act for the relief of Mary Frances Hutson;

S. 839. An act conferring jurisdiction upon the United States District Court for the Middle District of North Carolina to hear, determine, and render judgment upon the claim of Etta Houser Freeman;

S. 879. An act to amend the act entitled "An act authorizing a reduction in the course of instruction at the Naval Academy," approved June 3, 1941 (55 Stat. 238);

S. 954. An act for the reimbursement of certain enlisted men of the Navy for personal property lost in the loss of the *Hugh L. Scott*;

S. 972. An act to amend section 7 (c) of the act of May 21, 1920 (41 Stat. 613), as amended by section 601 of the act of June 30, 1932 (47 Stat. 417);

S. 1025. An act for the relief of certain disbursing officers of the Army of the United States and for the settlement of individual claims approved by the War Department; and

S. 1067. An act to amend the first paragraph of section 10 of the Pay Readjustment Act of 1942 to provide for allowances to midshipmen of the Naval Reserve for quarters and subsistence when not furnished in kind.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. KILGORE:

S. 1265. A bill for the relief of Sherman W. White; to the Committee on Claims.

By Mr. MURRAY:

S. 1266. A bill to transfer to the Petroleum Administration for War the powers and functions of the Office of Price Administration with respect to petroleum and petroleum products, and for other purposes; to the Committee on Banking and Currency.

By Mr. CLARK of Missouri:

S. 1267. A bill to provide relief to farmers whose property was destroyed or damaged by floods in 1943; to the Committee on Appropriations.

S. J. Res. 67. Joint resolution to provide priorities with respect to farm machinery and equipment to farmers in areas affected by floods in 1943; to the Committee on Military Affairs.

S. J. Res. 68. Joint resolution authorizing the Secretary of Agriculture to suspend limitations on production in areas affected by floods in 1943; to the Committee on Agriculture and Forestry.

CONTINUATION OF COMMODITY CREDIT CORPORATION—AMENDMENTS

Mr. GEORGE and Mr. JOHNSON of Colorado each submitted an amendment intended to be proposed by them, respectively, to the amendment proposed by Mr. CLARK of Missouri to the bill (S. 1108) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and to provide for an audit by the General Accounting Office of the financial transactions of the Corporation, and for other purposes, which were ordered to lie on the table and to be printed.

APPROPRIATIONS FOR THE LABOR DE- PARTMENT AND FEDERAL SECURITY AGENCY—AMENDMENT

Mr. LA FOLLETTE submitted an amendment intended to be proposed by him to House bill 2935, the Labor Department and Federal Security Agency appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

At the proper place, insert the following:

"Any funds available to the United States Public Health Service for the treatment of patients may be used, upon the request of State and local health authorities, to provide for the hospitalization, treatment, and subsistence in hospital facilities operated by the United States Public Health Service of Selective Service registrants infected with venereal disease, and for the transportation of such Selective Service registrants between their homes and such facilities when necessary."

PRINTING OF ADDITIONAL COPIES OF HOUSE DOCUMENT 237, QUESTIONS AND ANSWERS RELATIVE TO TAX ACT OF 1943

The VICE PRESIDENT laid before the Senate House Concurrent Resolution 30, which was read, as follows:

Resolved etc., That there be printed 53,000 additional copies of House Document numbered 237, "Question and Answers containing an analysis relative to Public Law No. 68, 'An act to provide for the current payment of the individual income tax, and for other purposes'", approved June 9, 1943, of which 45,000 shall be for the use of the House document room, 5,000 copies for the use of the Senate document room, 2,000 copies for the Committee on Ways and Means of the House, and 1,000 copies for the use of the Committee on Finance of the Senate.

Mr. HAYDEN. Mr. President—

Mr. McNARY. Mr. President, my attention was diverted for a moment. What is the matter before the Senate?

Mr. HAYDEN. It is a House concurrent resolution providing for the printing of additional copies of a House document relating to the current tax-payment act.

I ask unanimous consent for the present consideration of the concurrent resolution.

The VICE PRESIDENT. Is there objection to the present consideration of the concurrent resolution?

There being no objection, the concurrent resolution was considered and agreed to.

DESTRUCTION OF FOOD IN TRANSIT

Mr. DAVIS. Mr. President, I have recently received a number of communica-

tions from various sections of my State, calling attention to the fact that even in these times of food scarcity and food emergency, a considerable amount of perishable food is being destroyed in transit, long before it can reach the civilian markets for which it is destined.

There is no more valuable commodity in our possession at the present time than food, and storm warnings of impending food shortages have already been raised by competent authorities and officials. In view of the extensive food requirements and demands which the food production resources of America will be called upon to meet—food for our armed forces, food for our allies, food for the starving peoples of Europe and Asia, and food for our own civilian population—a determined effort should be made to insure that every ounce of food produced finds its way to the ultimate consumer in a firm and palatable state. Every ounce of food that is wasted or lost, no matter from what cause, will only serve to undermine our war effort to a comparative extent.

I have before me a brief article from the Pittsburgh Press of June 16, 1943, which calls attention to the fact that more than 10,000 bushels of potatoes destined for the Pittsburgh market spoiled in transit, thus depriving many hundreds of citizens of sorely needed food.

Mr. President, I ask that the article referred to be printed in the RECORD at this point as a part of my remarks, and that it be referred to the Committee on Agriculture and Forestry. I sincerely trust that effective measures will be taken to insure the fullest possible use of all the food which we produce, especially during the heavy harvest season which lies ahead.

There being no objection, the article was referred to the Committee on Agriculture and Forestry and ordered to be printed in the RECORD, as follows:

**SORT OF A ROTTEN DEAL—10,000 BUSHEL OF
SPUDS SPOIL IN SHIPMENT HERE—HIGH RATE
OF SPOILAGE IN POTATOES FROM SOUTH RE-
SULTS FROM LACK OF ICED CARS**

Ten thousand bushels of potatoes—enough to provide every man, woman, and child in Pittsburgh with at least four spuds for dinner tonight—have rotted in transit during the past week before reaching Pittsburgh.

The terrific spoilage, produce men here reported today, is due to a ruling of the Interstate Commerce Commission and the Office of Defense Transportation prohibiting use of ice in railroad cars to refrigerate potatoes coming in from the South.

The ruling was attributed to a shortage of ice resulting from heavy demands for food refrigeration among Army camps in the South. The Interstate Commerce Commission and Office of Defense Transportation since have relented, permitting 5,000 pounds of ice per car—half the normal amount—but all cars arriving from the South at the terminal still lack refrigeration.

Produce men here said at least 600,000 pounds of potatoes have decayed in transit in the past week and that the spoilage rate in railroad cars arriving from the South ranges from 2 to 90 percent.

So heavy has been the spoilage that yesterday a wholesaler abandoned a carload of 500 bushels of potatoes, valued at \$1,449, to the railroad to cover transportation costs.

The railroad then sold the 30,000 pounds for \$155 to peddlers willing to cut open in-

dividual sacks and salvage the few good spuds.

In another instance, a produce man sold part of his shipment at 45 cents a sack, although the ceiling price is \$4.83.

Spoilage has occurred in all shipments from Florida and South Carolina, produce men said. Potatoes from California, however, have been arriving in "splendid shape," wholesalers said, because railroad cars from the far West are iced twice on the cross-country run.

CONSERVATION OF PAPER

Mr. DAVIS. Mr. President, yesterday I received a copy of a letter which was written by one of my constituents to the Office of War Information, in reply to a circular letter which he received from that office advising him what to write and what not to write to his son in the armed forces.

I could discuss this matter in considerable detail, but since my constituent has covered the situation rather fully, I ask unanimous consent that the letter be referred to the Committee on Military Affairs, and be printed in the RECORD at this point as a part of my remarks.

There being no objection, the letter was referred to the Committee on Military Affairs and ordered to be printed in the RECORD, as follows:

BEAVER FALLS, PA., June 19, 1943.

To the DIRECTOR,

Office of War Information,

Washington, D. C.

DEAR SIR: I have just received from your Pittsburgh, Pa., office, over the name of Harry Kodinsky, a letter "in the interest of military morale," suggesting what I say and what I refrain from saying to my son in the armed service.

Since my taxes help pay the expenses, I wish to protest against extravagances such as this letter, which I assume is being mailed broadcast over the Nation from your various offices.

To begin with, since our Government claims there is a paper shortage, it would be in the interest of conservation to refrain from such unnecessary letters; second, it is on legal size paper, while it could have gone on a smaller sheet. Again it is unnecessary to make the included suggestions for people of good sense write—or refrain from writing, as the case may be—the proper things. If they do not have good sense, a letter such as your office communication would be useless.

Among other things, it is suggested that correspondents do not tell men in the service "about the things you are deprived of." Why not? My son, for instance, is much interested in what goes on here at home. Is your request based on the theory that, if I tell my son that I am deprived of something so that he and his fellow soldiers may have it, he may say, "Well, we are not getting it. What becomes of it?" I, myself, often ask that particular question. For instance, why my favorite magazines and newspapers must conserve paper while offices at Washington throw it away in useless letters and publications.

And lastly, but not of least importance, may I ask—if you have so many workers that they can waste time on such useless letters, why not discontinue useless letters and put some of the "workers" in the Army to help my son in the South Pacific and my friend's son in Alaska, or put them in essential war industries so that I won't have to pay more taxes to keep them.

Cut out some of these useless expenditures and put the money into ammunition, which we civilians are supposed to provide by saving our toothpaste tubes, our bits of dripings, and our hard-earned tax dollars.

Yours very truly,

H. W. CORRELL.

Mr. DAVIS. Mr. President, I sincerely trust that my colleagues will avail themselves of the opportunity of reading the letter, so that they may come to appreciate the ends to which the various governmental bureaus are going in attempting to regulate and regiment the lives of the American people.

WAR MOBILIZATION—ADDRESS BY SENATOR THOMAS OF UTAH

[Mr. KILGORE asked and obtained leave to have printed in the RECORD a radio address entitled "War Mobilization" delivered by Senator THOMAS of Utah on June 22, 1943, which appears in the Appendix.]

STUDENTS AND THE TIMES—ADDRESS BY SENATOR PEPPER

[Mr. PEPPER asked and obtained leave to have printed in the RECORD a Phi Beta Kappa installation address entitled "Students and the Times" delivered by him at the University of Florida on February 18, 1938, which appears in the Appendix.]

POST-WAR RELATIONSHIPS—TIME MAGAZINE COMMENT ON SPEECH BY SENATOR LODGE

[Mr. BURTON asked and obtained leave to have printed in the RECORD an article from Time magazine for June 28, 1943, commenting upon a speech by Senator LODGE on the subject of the United States participation in the post-war world, which appears in the Appendix.]

THE NATIONAL GALLERY OF ART— ARTICLE BY A. D. EMMART

[Mr. GREEN asked and obtained leave to have printed in the RECORD an article entitled "The National Gallery—War Boom in a Museum," by A. D. Emmart, published in the Baltimore Evening Sun for June 24, 1943, which appears in the Appendix.]

IMPORTANCE OF SPORTS IN THE WAR EFFORT—ARTICLE BY GRANTLAND RICE

[Mr. MEAD asked and obtained leave to have printed in the RECORD an article relative to the importance of sports in the war effort published in the Washington Evening Star of Wednesday, June 23, 1943, which appears in the Appendix.]

CONTINUATION OF COMMODITY CREDIT CORPORATION

The Senate resumed the consideration of the bill (S. 1108) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and to provide for an audit by the General Accounting Office of the financial transactions of the Corporation, and for other purposes.

The VICE PRESIDENT. The clerk will state the first committee amendment.

The CHIEF CLERK. On page 2, line 8, before the word "Corporation", it is proposed to insert "Commodity Credit."

The VICE PRESIDENT. The question is on agreeing to the committee amendment.

Mr. REED. Mr. President, I am very happy to participate this morning in the debate upon a very important policy, perhaps the most important single policy now under consideration by the Congress, that is to say the use of subsidies in connection with the Price Control Act. I shall not at any length undertake to engage in a discussion of the differences

between various policies. That subject was very well covered in the debate of yesterday. I wish to express my appreciation of the very frank handling of the question by the able Senator from Ohio [Mr. TAFT]. I agree with many of the conclusions arrived at by the Senator from Ohio, especially the conclusion which he stated more than once, that in his opinion the present use of the subsidy policy in connection with food prices is illegal. That is my own opinion. I think there is no authority anywhere for the use of subsidies in the way the Price Administrator, under direction of the President, is now using them. Such use of subsidies is clearly without sanction of law. The amendment offered by the Senator from Ohio, which is before the Senate, would legalize the present method.

The Senator from Ohio stated yesterday that he thought there was no foundation in the law as it stands for the use of these subsidies, but he has written into his amendment a definite legalizing of the use of subsidies, not to increase production—which is already provided for—but to prevent increases in prices. This is the first time any language has been presented touching this subject. No language which legalizes or permits such use of money has been incorporated by Congress into law since the emergency arose.

Mr. President, I am opposed to such procedure. Therefore I shall oppose the amendment offered by the Senator from Ohio, and probably oppose the bill should the amendment be included in it. I desire to discuss the reason for my position. I think it is entirely proper, legal, and justifiable to use inducements to increase production. One may call them subsidies if he wishes, for that is what they are. After all in this period of high prices, with the fear of spiraling prices, which we all entertain more or less and which has been so freely expressed, particularly by the administrative authorities responsible for this policy, the best way to control an increase in price or a threatened increase in price, is by greater production. The amendment offered by the Senator from Ohio is not deflationary, it is inflationary. In other words, when we subsidize consumption we do not increase production.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. TAFT. The amendment is not inflationary. The administration of the amendment may be either inflationary or deflationary. The discretion is left with the administrator under the amendment. The amendment itself does not prescribe any particular method of subsidy. Many subsidies may be deflationary. Others, as I have pointed out, may be inflationary.

Mr. REED. I am sure the Senator from Ohio did not misunderstand my statement. The amendment he has offered would permit the use of subsidies to prevent increase in prices, and, I repeat, a decrease in prices does not increase production nor the volume of the commodity being bought.

Mr. TAFT. The Senator means that a decrease in prices does not increase production.

Mr. REED. Yes, I may remind the Senator from Ohio that his amendment permits the use of subsidies to prevent increased prices, and preventing an increase in prices does not necessarily increase production. The way we are increasing the national debt, issuing more bonds, requiring the banks to take more bonds—and, as I recall the figures, the banks already have about 70 percent of their assets tied up in Government securities—is in itself, Mr. President, the greatest inflationary factor in the whole situation. The policy permitted by the amendment of the Senator from Ohio would increase the national debt, which in itself is the most inflationary factor present in the whole situation.

Mr. TAFT. Mr. President, will the Senator yield to me for a moment?

Mr. REED. Certainly.

Mr. TAFT. I think it is very clear that that is not necessarily true. Let us take the copper subsidy by which, it is true, the national debt is increased, we will say, \$10,000,000, by reason of the necessity for borrowing the money with which to pay the subsidy, but we may thus save \$50,000,000 in connection with the material the Government buys, thereby decreasing the national debt by \$40,000,000. If by subsidizing one unit we enable the consumer to buy four units at a lower price, I think such a policy is distinctively deflationary, and not inflationary. As I admitted yesterday, it is only when we have a subsidy all across the board of all of a certain kind of thing the consumer is buying, that in my opinion it becomes inflationary. I agree with the Senator as to the general effect of that kind of subsidy.

Mr. REED. The Senator from Ohio and I are not in any very great difference. Possibly I did not make my position clear. The Senator's amendment permits the use of subsidies to prevent an increase in price. When it comes to copper or other critical materials, if the Government is the only customer, as it is today the only customer, I agree with the position taken by the Senator.

I have never quarreled with the subsidy theory as to the use of copper. I have never quarreled with the subsidy theory when it is used on a basis of that kind. I do quarrel most violently with the theory that we can control inflation by any method permitted under the amendment of the Senator from Ohio. I think such methods are inflationary, not deflationary.

Mr. President, the president of the National Grange, Mr. Albert Goss, wrote a letter to President Roosevelt on June 22. On this subject Mr. Goss is one of the clearest thinkers in the whole United States, and particularly among farm organization leaders.

I desire to read at this time a few paragraphs from Mr. Goss' letter. Mr. Goss said, in dealing with the point to which I am particularly referring:

If we are to prevent inflation we must remove the cause instead of treating the symptoms. There are two chief causes of inflation: The first is the pressure of ex-

cess income on an insufficient supply of consumer goods, and the second is the loss of confidence in the Government's ability to pay its obligations in dollars having the same purchasing power as the dollar it borrowed.

Mr. Goss goes on to say:

Price ceilings as a remedy for inflation have been tried hundreds of times during the past 2,000 years. Not once, so far as we can learn, have they succeeded over an extended period. On the contrary, they have resulted in creating food shortages, black markets, and, finally, the very inflation they were supposed to prevent.

As a matter of fact, subsidies, as now employed, do not reach many of the small producers at all, so they are the direct victims of the roll-back. Neither are they sufficient to aid many of the high-cost producers. It follows, therefore, that the ceilings are cutting off production just as they have always done whenever tried.

Thus it will be seen that the ceiling method increases the inflationary gap by reducing production.

I shall not take time to read further from the letter, but I ask unanimous consent that the entire letter be printed at this point in the RECORD, as a part of my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

JUNE 22, 1943.

HON. FRANKLIN D. ROOSEVELT,

The White House, Washington, D. C.

DEAR MR. PRESIDENT: Since the winning of the war and the establishment of a sound and enduring peace depend so largely upon an adequate food supply, any policy that restricts or stifles production should not be tolerated. The situation with which we are confronted calls for the maximum production of food-stuffs.

It is also our duty to do all in our power to halt the drift toward inflation. If we are to prevent inflation we must remove the cause instead of treating the symptoms. There are two chief causes of inflation. The first is the pressure of excess income on an insufficient supply of consumer goods, and the second is the loss of confidence in the Government's ability to pay its obligations in dollars having the same purchasing power as the dollar it borrowed.

Price ceilings as a remedy for inflation have been tried hundreds of times during the past 2,000 years. Not once, so far as we can learn, have they succeeded over an extended period. On the contrary, they have resulted in creating food shortages, black markets, and, finally, the very inflation they were supposed to prevent.

On the basis of today's prices, we have an annual income of approximately \$40,000,000,000 in excess of the consumer goods available. Assuming that half this sum will go into savings, we still have the serious problem of an excess income of some \$20,000,000,000, all seeking something to buy. It is impossible to dam this rapidly increasing surplus income by price ceilings. It is increasing at the rate of a billion and a half to two billion dollars per month, and history proves that it cannot be dammed.

Whenever rising production costs bump into price ceilings, production is strangled. These production costs vary greatly in different sections of the country, and local markets have normally adjusted themselves to these different costs. With inflexible ceilings, the high-production-cost areas are put out of business.

To overcome this difficulty we began the use of subsidies. Nevertheless, no system of subsidies has ever been devised which is effec-

tive enough to reach only these high-cost areas. Any subsidy system which is effective in maintaining production must be flexible enough to keep the high-cost producer in the field. Under such a plan the low-cost producer would receive an unwarranted profit.

As a matter of fact, subsidies, as now employed, do not reach many of the small producers at all, so they are the direct victims of the roll-back. Neither are they sufficient to aid many of the high-cost producers. It follows, therefore, that the ceilings are cutting off production just as they have always done whenever tried.

Thus it will be seen that the ceiling method increases the inflationary gap by reducing production. On the other hand, when used in connection with subsidies, it increases the gap at the other end because the Government has to borrow the money paid in subsidies and most of this is borrowed from banks. This increases our national spendable income. The subsidy therefore defeats itself. The present plan attempts the impossible by putting economic law into reverse. Higher prices encourage production and discourage consumption. The subsidy program encourages consumption, and to the extent that the subsidies fail to reach the producers they discourage production.

After everything reasonable has been done to increase production, including a compensatory price, if the supply will not meet the demand, the next step is to reduce the demand to fit the supply. This can be done in two ways. First, by increased taxes and increased savings, or both. Second, by rationing. Where goods are scarce, rationing should be applied so that the supply will be divided equitably. Commodities can be rationed to produce a surplus which can be used to hold prices at reasonable levels without the use of ceilings; although ceilings to prevent profiteering may be necessary in some instances. Ceilings should be used for no other purpose.

If we do not take practical steps to close our fast-increasing inflationary gap, plain economics will do it for us, as has always occurred in the past. More and more goods will flow through black markets at higher prices, reducing the purchasing power of the dollar until it comes into balance with the supply. That is inflation.

If this Nation is unwilling to pay the cost of its food bill during these years of record income largely based on Government outgo, how can we ever expect our price structure to become balanced? In launching upon a subsidy program in our efforts to hold down the cost of living, it cannot be too strongly emphasized that there is only one basis upon which any government can endure, and that is that the people must support the government. Any attempt to reverse this principle, asking the Government to support the people, cannot fail to have disastrous results.

Why should we cut the price of coffee 3 cents per pound; butter 5 cents per pound, and meat 2 cents per pound to everybody, including the wealthy and those whose incomes have increased more than the cost of living, in order to aid the few with fixed or low incomes? If subsidies are necessary for the relief of, say, 10 percent of our population, it is an enormous waste to subsidize the other 90 percent who do not need it. A far better scheme would be to use the stamp plan which was employed during the late thirties. Thus the subsidy would go to only those who need it, and it would not be necessary to place ceilings which fast curtail our already diminishing food supply.

England has been cited as an example for us to follow in the matter of price ceilings and subsidies. However, the English economy is almost the reverse of our own. England is an industrial nation, with only 7 percent of her population engaged in agriculture. Her interest lies in maintaining a low level of food prices and the 93 percent of her peo-

ple can well afford to subsidize the other 7 percent to keep food prices at the desired level.

In England the consumer pays 60 percent of his income for food, as contrasted with 22 percent in America, believed to be the lowest on earth.

In England they have practically closed the inflationary gap, largely by taxation. Three years ago there were 7,000 people with a net income in excess of \$25,000 after paying taxes. Last year this group was reduced to 80. At the other end of the line, England has sales taxes ranging from 12 to 72 percent of the retail price.

England pays a subsidy, but in effect the United States pays it for her. During the 2 years ending March 1 we exported to England under lend-lease \$1,449,064,000 in foodstuffs. She sold this food to her people and out of the proceeds paid subsidies estimated at approximately \$730,000,000, with a tidy balance left over. Thus, England did not increase her inflationary gap by borrowing the subsidy money from banks.

The English figures do not tell the whole story. In her food index she uses only 14 items, largely those received from America, which are under complete control. She does not include such home-grown products as fresh fruit, fresh vegetables, or any canned goods. The prices on these items have risen sharply. They have had to go up in order to maintain production, but this increase does not show in the food index which England exhibits as proof that food prices have not been allowed to advance.

It should also be noted that England is having a serious time with black markets. She has had to increase the penalty for the sale of food above ceiling prices to 14 years in prison, plus \$20,000 fine, yet with these severe penalties, prosecutions have increased 320 percent in the last 2 years and the Ministry of Food has recently reported that black markets are endangering the successful prosecution of the war.

We therefore feel that it is not wise to try to follow in England's footsteps, but rather that our course should be based upon the sound economics necessary to maintain a maximum food supply, for we have no one but ourselves to look to for aid.

Sincerely yours,

THE NATIONAL GRANGE,
ALBERT S. GROSS, Master.

Mr. REED. Mr. President, for the last year or more the highest authority in this land, the President of the United States, has been discussing this question. I sat in this Chamber on Labor Day of last year and heard read a message from the President which was so prejudicial to the great farming population of this country that it shocked me. I do not recall another instance when any President of the United States so definitely prejudiced the case of so large a segment of his constituency as did President Roosevelt in his Labor Day message. I took the floor on the 22d of September of last year and said then what I shall repeat now. Between last September and today, on numerous occasions I have challenged the correctness, almost the good faith, of the policies which were described and which have been followed. The President in his Labor Day speech held up the farmer of this country as a profiteer, described the great injustice which increasing food prices and farm commodity prices might do the country, and asked for authority to control them. We passed the bill. I helped prepare it; I hope I was fairly useful. In connection with the Senator from Maryland [Mr.

TYDINGS] we offered an amendment which made possible the final passage of the bill. Immediately, the policy which was inaugurated and which has been followed up to this time, was not and has not been at all in accord with what any of us believed would be done or should be done or with what was authorized to be done under the law Congress passed. I have said that before. I say it again.

Mr. President, the President always has laid stress upon the interest of the wage earner, the industrial worker. The interest of the wage worker is important. It is entitled to consideration. I shall come to a discussion of that point. In that discussion I desire to deal with the position of the wage earners in this whole matter, not, I may say and I think I should say, loosely, as has been done by those around the President, and sometimes by the President himself, but realistically and fairly.

Always, or nearly always, when we come to talk of prices and policies we talk about 1939. The war did break out in Europe in 1939. Therefore, an effort has been made to compare all conditions which have occurred since 1939, either with conditions in that year itself or with conditions in the 5-year period from 1935 to 1939, inclusive. I, myself, have done that for the purpose of this discussion.

Mr. President, I have had placed on the desks of Senators copies of a very simple chart on the basis of which I shall talk. I ask my colleagues to examine it.

I have no quarrel with good wages. The higher the wages which can be paid fairly and reasonably, the better. All I am complaining about is the constant reiteration by the President and his advisers that the industrial wage earner or, more frankly, perhaps, organized labor, is being prejudiced for the farmer's benefit.

So, Mr. President, I asked the Bureau of Agricultural Economics, which is one of the very reliable statistical agencies of the Government, to prepare figures showing the wage situation beginning with January 1, 1939, and to carry them through to the date nearest today that it could. It compiled the wages by hours, the wages per worker, the increase in the cost of living, and the ratio between those elements. The Bureau of Agricultural Economics used as a basic the figures which always are available in the Bureau of Labor Statistics of the Department of Labor. Let me say, Mr. President, that, having had contact with the various statistical agencies, it seems to me there are two agencies in Washington in which all of us, I think, and certainly I, myself, have confidence. They are the Bureau of Labor Statistics of the Department of Labor and the Bureau of Agricultural Economics.

If I have no confidence in the "snake doctors" who pass as economists in the O. P. A., it is their fault, not mine. I am willing to give credence to their opinions and product when they reach the same basis of accuracy as have the bureaus which I have mentioned.

I ask unanimous consent to have printed in the RECORD at this point a

part of my remarks the table to which I have referred.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Average earnings per employed worker and per hour in manufacturing, and urban living costs, United States, 1939-43

[Index numbers 1935-39=100]

Year and month	Factory pay roll per employed worker ¹	Average hourly earnings of factory workers ²	Urban cost of living ³	Real earnings	
				Per worker	Per hour
1939					
January.....	101.5	105.7	99.7	101.8	106.0
February.....	102.7	105.6	99.3	103.4	106.3
March.....	103.7	105.7	99.1	104.6	106.7
April.....	101.3	105.4	99.0	102.3	106.5
May.....	101.8	105.7	98.9	102.9	106.9
June.....	103.4	105.6	98.6	104.9	107.1
July.....	100.7	104.7	99.1	101.6	105.7
August.....	103.8	104.4	98.7	105.2	105.8
September.....	103.7	105.1	100.6	103.1	104.5
October.....	108.8	106.2	100.4	108.4	105.8
November.....	108.5	107.4	100.2	108.3	107.2
December.....	110.6	109.1	99.6	111.0	109.5
1940					
January.....	107.7	109.6	99.7	108.0	109.9
February.....	107.3	109.4	100.2	107.1	109.2
March.....	108.5	109.9	99.8	108.7	110.1
April.....	107.5	109.7	100.0	107.5	109.7
May.....	108.2	110.4	100.2	108.0	110.2
June.....	109.5	110.8	100.5	109.0	110.2
July.....	107.9	110.1	100.3	107.6	109.8
August.....	111.4	110.4	100.0	111.4	110.4
September.....	113.6	110.9	100.4	113.1	110.5
October.....	115.4	111.3	100.2	115.2	111.1
November.....	114.7	112.3	100.1	114.6	112.2
December.....	119.2	113.1	100.7	118.4	112.3
1941					
January.....	118.4	114.3	100.8	117.5	113.4
February.....	122.0	114.6	100.8	121.0	113.7
March.....	124.0	115.3	101.2	122.5	113.9
April.....	124.6	117.4	102.2	121.9	114.9
May.....	130.9	120.6	102.9	127.2	117.2
June.....	134.8	122.5	104.6	128.9	117.1
July.....	132.5	123.0	105.3	125.8	116.8
August.....	134.8	123.1	106.2	126.9	115.9
September.....	136.6	125.1	108.1	126.4	115.7
October.....	140.0	127.3	109.4	128.0	116.4
November.....	139.3	129.3	110.2	126.4	117.3
December.....	144.3	131.0	110.5	130.6	118.6
1942					
January.....	149.8	134.0	112.0	133.8	119.6
February.....	152.7	134.3	112.9	135.2	119.0
March.....	155.6	135.7	114.3	136.1	118.7
April.....	158.0	137.5	115.1	137.3	119.5
May.....	161.2	139.7	116.0	139.0	120.4
June.....	163.2	141.4	116.4	140.2	121.5
July.....	165.9	143.2	117.0	141.0	122.4
August.....	169.3	145.6	117.5	144.1	123.9
September.....	171.2	149.2	117.8	145.3	126.7
October.....	176.0	149.4	119.0	147.9	125.5
November.....	180.8	151.4	119.8	150.9	126.4
December.....	182.6	151.7	120.4	151.7	126.0
1943					
January.....	184.0	153.7	120.7	152.4	127.3
February.....	186.7	154.6	121.0	154.3	127.8
March.....	189.9	156.3	122.8	154.6	127.3
April.....	192.9	157.9	124.1	155.4	127.2

¹ The index of factory pay rolls divided by that of factory employment.

² Based on cents per hour data reported by the Bureau of Labor Statistics.

³ Bureau of Labor Statistics data.

Mr. REED. Using the average wage per hour per worker from 1935 to 1939 as a base, the table starts with January 1, 1939. Using the average wages per hour for the 5 years, the wages received in January 1939 were 105 percent of the average. The factory pay roll per employed worker was 101 percent of that average, and the cost of living was 99 percent. Those are the three factors of greatest importance. If this table be followed through, it will be seen that by April 1942 wages per hour have increased 57.9 percent over the average in the 5

years from 1935 to 1939; the pay roll per employed worker has increased 92.9 percent; the hourly wage went up 57 percent. Because of longer hours, overtime pay after 40 hours, and double pay on Saturdays and Sundays, the weekly wage per employed worker went up 92.9 percent.

Let us see how much the cost of living increased. That is shown on the same table, starting with January 1939. At that time the cost of living was 99.7 percent of the average cost of living in the 5-year period ending with 1939. By April of this year the cost of living had increased 24.1 percent over the 5-year average.

Mr. President, beginning in January 1939, there has not been a week or a month when the wages of workers employed in factories and mills have not increased more than the cost of living. In this period the hourly wage has increased 57.9 percent, the weekly wage has increased 92.9 percent, and the cost of living has increased 24.1 percent.

Why all this worry about a class of people whose economic position, beginning in 1939, has been benefited more than that of any other class of people in the country? I challenge the good faith of men in public life, clothed with great authority, and charged with great responsibility, who continually put out to the country their doctrines and policies under false pretenses. If the investment bankers should use the same tactics in describing the securities they have to sell as the various Government agencies use in selling the country upon the validity of their policies, the Attorney General would put them all in jail. I do not think there is any more morality in a responsible officer of the Government of the United States attempting to deceive the people than there is in an investment banker doing the same thing. I am opposed to such practices on the part of both. So far as I am concerned, the investment banker can go to jail if he misrepresents, and so far as I am concerned, the people can turn the other men out of office, which I am pretty sure they will do.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. SHIPSTEAD. I have some statistics from the Bureau of Agricultural Economics giving hourly earnings of factory workers, weekly wages per factory work-

er, cost of living, retail cost of foods, and prices received by farmers for the years 1910 to 1914; and also during the period from 1914 to March 1943. I think the figures are in greater detail than the figures presented by the Senator from Kansas. Later I shall ask unanimous consent that these statistics, prepared by the Bureau of Agricultural Economics, be printed in the RECORD as a part of my remarks.

Mr. REED. Mr. President, I wish to compare the position of the farmer with that of the wage worker. Much has been said to prejudice the position of the farmer. We who live out in the great open spaces, under wide horizons, know the difficulty we have in reaching the people of the East. The metropolitan newspapers, vociferous on many things, have little except condemnation of the farmer and the so-called farm bloc in this body and in the other branch of Congress, because we have tried to tell a truthful story of the actual situation.

I am a newspaperman. I appreciate the difficulty we have in getting our story into the metropolitan press. I do not know that I can blame the eastern newspapers very much. I have said this before, and I say it again: The man most responsible for prejudicing the farmer's position with the people of the United States is the President of the United States. He has constantly unfairly stated the situation of the farmer, particularly in his Labor Day message of last year. He has done so much to prejudice the position of the farmer that I am not surprised that the eastern newspapers take their lead from the President and not from us.

Mr. President, there is one thing in which the East ought to be interested. I shall touch on it today. In a few days I shall deal with it extensively and in detail. I refer to the volume of food production. The present policies have demoralized—temporarily, at least—livestock production and livestock markets in the West, and have destroyed the peace of mind of livestock producers to the extent that hundreds of important livestock producers in my own State have written or telegraphed me that when they can feed out and sell their present livestock they intend to quit. I am quite sure that the people of New York, New England, Pennsylvania, and New Jersey will then be interested, because I am sure that those areas

cannot produce enough food—especially livestock and meat—for themselves.

I wish to read a telegram which I received this morning from a conference of the farm bureaus of 12 Midwestern States. It is dated yesterday, and addressed to me:

WASHINGTON, D. C., June 23, 1943.
Hon. CLYDE M. REED,
Senate Office Building,
Washington, D. C.:

At a conference of Midwest farm bureaus, meeting in Chicago today, the following resolution was adopted: "The subsidy and price roll-back on foods proposed by the administration is a subterfuge for increasing wages and other consumer incomes already at inflationary levels. It will be expensive to administer, benefits will be small in proportion to total cost, it will continue the already existing ruinous confusion, it contributes to rather than controls inflation, it will decrease rather than increase both agricultural and industrial production, it will impose further regimentation of production and distribution, and will aggravate our post-war price and income problem. For these and other equally important reasons this conference of Midwest farm bureaus, representing 12 States and 300,000 members, respectfully petitions our Federal administrative authorities to cease their effort to inflict this program upon us. We call upon our Congress to enact legislation which will prevent any general continuance or revival of this ill-advised experiment. Copies of this resolution shall be sent each Senator and Congressman from these Midwest States and also to all proper Federal administrative authorities."

CONFERENCE OF MIDWEST FARM
BUREAUS OF THE AMERICAN FARM
BUREAU FEDERATION.

Mr. President, I went to the Department of Agriculture and asked the gentlemen in the Bureau of Agricultural Economics upon whom I rely so greatly for information, to help me obtain in definite and concrete form information which I could lay before the Senate, information which would be of vital importance to any man who seeks to understand the economic situation of the farmer at the present time and 25 years ago, his relation to the wage earner during those years, and the present situation as it points to the future. So I ask for a moment of the time of the Senate in order to distribute copies of the table to which I have referred. I ask unanimous consent that the table be printed in the RECORD at this point as a part of my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

SEC. 1.—Specified commodities: Production, price, farm value, United States, average 1910-14, 1935-39, and ratio of averages

Item	Unit	Average 1910-14			Average 1935-39			Ratios 1935-39 to 1910-14		
		Production	Price	Farm value	Production	Price	Farm value	Production	Price	Farm value
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Group 1:			Dollars	Mil. dol.		Dollars	Mil. dol.	Percent	Percent	Percent
1. Wheat	Million bushels	724	0.884	633	759	0.833	610	105	94	96
2. Corn, all	Million bushels	2,614	.642	1,634	2,316	.656	1,436	89	102	88
3. Oats	Million bushels	1,080	.399	423	1,045	.325	312	96	81	74
4. Barley	Million bushels	164	.619	97	239	.506	109	146	82	112
5. Rye	Million bushels	36	.720	26	45	.541	23	125	75	83
6. Rice, rough	Million bushels	24	.813	20	50	.727	36	208	89	180
7. Grain sorghums	Million bushels	(1)	1.21	(1)	87	1.08	94	—	89	—
8. Flaxseed	Million bushels	17	1.69	27	11	1.71	17	65	101	63
9. Cotton	Million bales	14	.124	766	13	.1004	640	93	81	84
10. Hay, all	Million tons	77	11.87	894	84	8.33	694	109	70	78
11. Total, group 1				4,520			3,971			88

See footnotes at end of table.

SEC. 1.—Specified commodities: Production, price, farm value, United States, average 1910-14, 1935-39, and ratio of averages—Continued

Item	Unit	Average 1910-14			Average 1935-39			Ratios 1935-39 to 1910-14		
		Production (1)	Price (2)	Farm value (3)	Production (4)	Price (5)	Farm value (6)	Production (7)	Price (8)	Farm value (9)
Group 2:										
12. Hogs.....	Million pounds.....	11,989	<i>Dollars</i> 7.27	<i>Mil. dol.</i> 881	12,998	<i>Dollars</i> 8.38	<i>Mil. dol.</i> 1,066	<i>Percent</i> 108	<i>Percent</i> 115	<i>Percent</i> 121
13. Cattle and calves.....	Million pounds.....	16,451	³ 5.42	934	17,927	³ 6.56	1,195	109	³ 121	128
14. Sheep and lambs.....	Million pounds.....	1,898	⁴ 5.88	110	2,423	⁴ 7.79	169	128	⁴ 132	154
15. Butterfat ¹	Million pounds.....	(1)	.263	151	1,203	.291	346		111	229
16. Milk, wholesale ²	Million pounds.....	(1)	1.60	212	40,270	1.81	727		113	343
17. Chickens, live weight.....	Million pounds.....	1,990	.114	231	2,459	.149	375	124	131	162
18. Eggs, farm.....	Million dozen.....	2,350	.215	461	3,033	.217	623	129	101	135
19. Potatoes.....	Million bushels.....	350	.697	229	356	.753	255	102	108	111
20. Total, group 2.....				3,209			4,756			148
21. Grand total.....				7,729			8,727			113

¹ Not available.² Grain sorghums omitted in computing ratio.³ Average for beef cattle only; 1910-14 average for veal calves, \$6.75; 1935-39 average, \$7.80; ratio, 116.⁴ Average for lambs only; 1910-14 average for sheep, \$4.53; 1935-39 average, \$3.93; ratio, 87.⁵ Sold as cream to plants, dealers, etc.⁶ Sold at wholesale to plants, dealers, etc.

SEC. 2.—Earnings and incomes in agriculture and industry, United States averages, 1910-14 and 1935-39

Item	Unit (1)	1910-14 (2)	1935-39 (3)	Ratio 1935-39 to 1910-14 (4)
1. Average hourly earnings of factory workers.....	Cents ¹	21.2	60.8	<i>Percent</i> 287
2. Average number of hours worked by factory workers per week.....	Hours ¹	51.9	37.5	72
3. Average weekly earnings of factory workers.....	Dollars ²	10.65	21.26	200
4. Average annual wage income per industrial worker.....	Dollars.....	583	1,149	197
5. Average net farm income from agriculture.....	Million dollars.....	4,321	³ 4,900	113
6. Average net income per person engaged in agriculture.....	Dollars.....	365	511	140
7. Average nonfarm income.....	Million dollars.....	29,625	59,878	202
8. Farmers' equity in farm property.....	Million dollars.....	39,604	32,890	83
9. Ratio prices received by farmers to prices paid by farmers, interest and taxes.....	Percent.....	100	82	82

¹ Average hours worked and/or hourly earnings are computed from figures reported by establishments reporting manhour statistics for the period 1935-39. Estimates for 1910-14 are as nearly comparable with 1935-39 as can be computed from available data.² Average weekly earnings are based on reports from all cooperating establishments, some of which do not furnish manhour information.³ Excluding Government payments.

Source: Bureau of Agricultural Economics. Data for factory workers based on reports of Bureau of Labor Statistics.

SEC. 3.—Quantities of specified foods that may be purchased by factory workers with 1 week's earnings, 1913-14, 1935-39, and 1942

Food	1913-14	1935-39	1942	1935-39 as percent of 1913-14	1942 as percent of—	
	(1)	(2)	(3)	(4)	1913-14 (5)	1935-39 (6)
1. Bread, white.....	<i>Pounds</i> 178	<i>Pounds</i> 256	<i>Pounds</i> 406	<i>Percent</i> 144	<i>Percent</i> 228	<i>Percent</i> 159
2. Flour, white.....	315	472	666	150	211	141
3. Butter.....	29	58	75	200	259	129
4. Round steak.....	47	59	81	126	172	137
5. Pork chops.....	50	63	85	126	170	135
6. Potatoes.....	595	850	1,038	143	174	122

Source: Division of Statistical and Historical Research, Bureau of Agricultural Economics. Based on Bureau of Labor Statistics data.

Except as otherwise stated, all information shown on this table was obtained from reports and records of the Bureau of Agricultural Economics, Department of Agriculture. Selection, arrangement, and adaptation was made by Senator CLYDE M. REED.

Mr. REED. I am very happy to see the Vice President in the chair. He is thoroughly familiar with these matters. A few moments ago I went to the desk and laid before him a copy of this large table. Knowing his deep sympathy with, and wide understanding of the farmer's problems, I am sure he will follow this subject with some interest, and, I hope, perhaps with a trifle of profit.

I hope my fellow Members of the Senate will follow me in this discussion, which I shall make as brief as I can. This is a matter of urgent importance.

When we resort to statistical information of this nature we must necessarily have a starting point. The starting point has always been the condition of agriculture and the farmer in the 5 years before the beginning of World War No. 1.

This table shows the condition of the farmer through that 5-year period. Because the present administration insists upon the use of 1939 and the 5 years from 1935 through 1939 as the basis for its comparisons between the farmer and the wage worker, that information, also, is shown.

The chart is divided into three sections. I invite the attention of Senators to the top item in section 1. The first line gives the figures for wheat. During the 5 years from 1910 through 1914 there was an average yearly production of 724,000,000 bushels of wheat. For that wheat the farmer received an average price per bushel of 88 cents and a fraction. His total average realization from his wheat crop during that 5-year period was \$633,000,000.

In the second period the farmer produced an average 759,000,000 bushels of wheat, and he received an average price of 83 cents and a fraction. His average realization was \$610,000,000. For more wheat he received less money.

While I am on that point, allow me to invite attention to two items which appear in the table. One of them will be found in section 2, line 1. During the period to which I have referred the average earnings per hour of factory workers increased 187 percent. The nearest approach which can be made to a comparison between a wage earner and a farmer is in the wages per hour received by the wage earner and the prices per unit received by the farmer. That is not an exact and ideal comparison, but it is the best which can be made.

In 25 years—30 years if we start in 1910 and continue to 1939—the situation of the wheat farmer did not improve at all, but the hourly wage of the worker increased to a point where it was 287 percent of the original rate. For all wheat produced in the second 5-year period, ending in 1939, the wheat farmer received 96 percent as much money for his grain as he received in the 5-year period starting in 1910.

Mr. President, at this point, allow me to invite attention to another item.

In section 2, line 8, is shown the farmer's equity in his property. In the first 5-year period the farmer had an equity in his property—real estate, machinery, and livestock—of \$39,604,000,000. In the second 5-year period the average, covering the same type of property, was \$32,890,000,000.

In other words, the farmer of the United States had fed the country for 25 years; he had furnished all the food, grain or otherwise, which was exported, and for the privilege of doing so, he paid out of his capital \$7,000,000,000.

Let us take the cotton farmer. I have made the same comparison with respect to the cotton farmer, which will be found in line 9 of the top section of the table. In the first 5-year period, from 1910 through 1914, the cotton farmer raised on the average 14,000,000 bales of cotton. He received an average of 12.4 cents a pound during the 5-year period. For his cotton crop as a whole he realized an average of \$766,000,000 in the first 5-year period.

In the second 5-year period, from 1935 to 1939, the cotton farmer raised an average of 13,000,000 bales of cotton. For his crop he received 10 cents a pound. His average realization for those 5 years was \$640,000,000 as against \$766,000,000 for the first 5-year period. The cotton farmer in that second period got only 84 percent of as many dollars as he actually got in the first period, 25 years previously. In that time the average hourly wage of industrial workers went up 197 percent.

Now let me come to the second section of this tabulation. Back in the first period, from 1910 to 1914, the industrial worker—this is on line 2 of the second section of the tabulation—worked an average of 51.9 hours a week. When the second 5-year period rolled around the industrial worker was working 37½ hours a week.

Now let us take the average weekly earnings. The average industrial worker's hours had been decreased from the first 5-year period from 51.9 hours a week to 37.5 hours a week, a decrease of 28 percent; but his weekly earnings rose from \$10.65 a week to \$21.26 a week, an increase of exactly 100 percent.

I do not think that is too much money for the industrial worker; I am willing that he should get more; but what I object to, Mr. President, what I protest against, what I resent, is the constant stream of misrepresentation as between the farmer and the industrial worker that comes from the White House and from nearly all the men who surround the President. I do not resent the fact that there has been an improvement in

the wages of the industrial workers. I am glad of that improvement; I wish it could be greater; but I do object to misrepresentation, whether it be done by the President of the United States, by his advisers, or by investment bankers or public utilities in selling their goods on the one hand and their policies on the other.

Now I should like to have Senators refer to the bottom of the large sheet, section 3, where we come to the question of what the worker can buy with his wages. This table also was prepared by the Bureau of Agricultural Economics; I do not know whether they have ever made publication of it, but I know there is nothing secret about it at all. It shows some rather interesting facts.

Let us consider a week's wages and what they will buy. Back in the period 1913–14 a week's wages of a factory worker would buy 178 pounds of bread made out of white flour. By 1935–39 a week's wages would buy 256 pounds of bread. From 1939 to 1942 the condition of the wage worker improved more than during any other period in history; it improved more than the condition of any other class of people in this country. Following this illustration through, a week's wages of a factory worker, which could buy only 178 pounds of bread in 1913–14 and 256 pounds in 1935 to 1939, would buy 406 pounds of bread in 1942.

Mr. SMITH. Mr. President, may I ask the Senator a question?

Mr. REED. I yield.

Mr. SMITH. What seems to be done now is to roll back and cheapen the farmer's products and increase the wages of the worker.

Mr. REED. This is an effort indirectly to subsidize a further increase in industrial wages at the expense of the taxpayer; that is all it is. I hope I have answered the Senator from South Carolina. There are other illustrations to which I shall refer. Let us take butter, to which I shall refer again a little later. The figures with regard to butter are found on line 3 at the bottom of section 3. Back in 1913 to 1914 a week's wages would buy 29 pounds of butter; by 1935 to 1939 they would buy 58 pounds of butter. We have heard much said, in press releases and statements, including statements from the White House, about the need to keep production going and therefore the necessity to humor industrial workers organized into great unions. I approve of labor organizations, but it is said we have got to do something to keep the industrial workers satisfied, and so we are asked to pass this bill to legalize what was heretofore illegal. Let us see what happened to the industrial worker so far as butter is concerned in this period when his dire condition is being pointed out. In the period 1935–39 wage workers could buy 58 pounds of butter for a week's wages; in 1942 they could buy 75 pounds. All the remainder of the comparisons in that section show about the same result. It is for that class of people that we are being asked to do this thing which I think is wrong in principle, which will be inflationary if it is carried out, and which ought not to be done.

There is a class of people, Mr. President, that are being pinched in these days, and that is people with fixed incomes, such as white-collar workers, school teachers, and old people living upon pensions and annuities. They constitute a class of people that ought to be helped, and if the proposal before the Senate was designed to help that class of people, I should look on it with a kindly eye. Instead of using the taxpayers' money indirectly to increase industrial wages, which is the purpose sought to be accomplished here, I would be willing to use the taxpayers' money, if some way could be found to do it, as I think it could, to help the people whose incomes have not been increased at all through this period of increasing prices of commodities and increasing living costs. Those are the people for whom my heart bleeds, and any workable proposition which may be brought before the Senate to reach that class of people shall have my sympathetic attention.

Now let me go back to butter for a moment, and let me examine the application of subsidies to butter and to the probable effect, as an illustration, of the result that might follow the extension of such a subsidy to other foodstuffs. In the first place, let us consider the effect upon production. Undoubtedly the administration of this subsidy will tend to reduce the amount of butter which the wage earners who are to be protected will find available in the market.

Since the subsidy of 5 cents a pound is to be paid only to creameries making more than 1,000 pounds of butter a month, a considerable part of the butter now produced will be subject to a reduction of 5 cents without any offsetting return.

The census of 1940 showed 2,930,000 farmers churning butter for home use and for market. The farm production in that year, 1940, amounted to 430,000,000 pounds. That is almost one-fifth of the total butter production of the country, and not a pound of that can get any of this subsidy.

What is going to happen? The farm production in 1940, amounting to 430,000,000 pounds, will have only one place to go. In order to dispose of what he cannot eat the natural place for the farmer to go is the black market. I do not like to use that term, yet here is a plan which will drive one-fifth of the butter made in this country, by force of circumstances, into the black market.

What we want is more butter production. The butter subsidy program is going to cost about \$100,000,000, and why do we not take \$100,000,000, if we are to use it as a subsidy, and subsidize the producer, help him get more feed, better cows, and produce an increase. We are struggling to increase our production of milk, and we are following a policy here which will decrease the production of the principal milk product, which is butter.

A reduction in the amount available in the market will produce a greater struggle for what is left.

If we take 430,000,000 pounds away from a round figure of 2,000,000,000, we

are going to have 1,570,000,000 pounds left. So, instead of making more butter available, we will make less available.

Mr. President, I have lived in the farming section of the country and among farmers and livestock producers all my life. Back in 1920, following the great increase in prices, especially of cattle, during the war period, the Federal Reserve bank took the floor of loans out from under the cattle producers, and there was a precipitous drop. Every important cattle producer in Kansas, Nebraska, Colorado, Oklahoma, New Mexico, and Texas went broke. There was no other place for them to go. Their prices decreased, and their loans were called.

I am sure the Senator from Nebraska [Mr. WHERRY], who has spoken so earnestly and so eloquently on this floor, and the Senator from Missouri [Mr. CLARK], will agree that the state of mind of the large stock producer has not been so seriously disturbed since 1920 as it is now.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. REED. I am glad to yield.

Mr. WHERRY. I have just received a message this morning from Fremont, Nebr., where a group of cattle feeders of 29 counties of Nebraska, which is about one-fourth of the counties of the State, and 30 counties in west Iowa, are meeting tonight to consider what they can do about the demoralized cattle market. The already narrow margin has become so narrow that the cattle feeders cannot operate, and because of this subsidy question, the centralized markets have become so confused that the feeders are in a dilemma. They do not know what to do, whether to put in replacement cattle or not. They do not know which way to turn.

I thought this news might be added information for the distinguished Senator from Kansas, who is making such a wonderful plea this morning in the interest of the producers. I appreciate very much his remarks, and desire to add this contribution.

Mr. REED. I am very happy to have the contribution from the Senator from Nebraska, and I thank him. He has done his part in this struggle.

This morning I, too, received a letter, from my very good friend, "Bill" Miller, who is sanitary livestock commissioner in Kansas, and a spokesman for the livestock producers of Kansas. The letter is so intimate in its personal allusions that I shall not read it all, but I thought this one sentence might interest Senators. He writes me:

Senator, the President and Byrnes are certainly raising hell in the meat and livestock situation.

I think that fairly well epitomizes the sentiment of all the livestock growers, the President and "Jim" Byrnes are certainly raising hell, out in the livestock country, with even the announcement of their policy. The letter continued:

I know of any number of our feeders that are simply not going to feed cattle due to the uncertainty of grain and protein concentrates and the inability to buy at any price.

As a matter of fact, they cannot get corn, they cannot get protein feeds. The conditions already are disturbing enough and difficult enough, and now announcements have come along in the last few days which have broken the market price.

Mr. President, suppose you were a farmer and had a hundred steers, or a thousand steers, or five thousand steers, as some have. I think the Senator from South Dakota cited a case a few days ago of one who had about a thousand steers. And suppose this announcement had broken the price \$12 a head, and the livestock producer was immediately faced with a loss of \$12,000 on his cattle, which were ready for market. When we come down to the essence of this matter, the consumers cannot eat subsidies, and the subsidy program, intended to further increase the income of industrial workers, will disturb production.

Of course, I know the industrial workers comprise the largest segment of political support left to the President on the home front. I do not desire to inject any partisan tinge into this debate, but that is the truth. All these policies are made, not with a view of aiding the consumer in general, not with a view of protecting this class which needs protection, the people with fixed incomes, but all the policies are made, conceived, and carried out for the purpose of increasing the incomes of that class which has already had the largest actual, relative increase among all the classes of our people.

Lest I may be thought to be perhaps overstating, I wish to refer to a publication edited by my good friend, the distinguished senior Senator from Wisconsin [Mr. LA FOLLETTE], who I think publishes one of the finest journals of opinion in the country. I refer to the Progressive.

Mr. LA FOLLETTE. I thank the Senator for that "plug."

Mr. REED. If I am advertising the Senator's publication, I am doing it sincerely and earnestly. I receive the publication at the place where I live, and I think the Senator from Wisconsin knows I read it.

I wish to refer to a statement from the Progressive, of which the distinguished Senator from Wisconsin is the editor and publisher and owner—and I hope it supplements his senatorial income.

Mr. LA FOLLETTE. The Senator need not worry on that score. [Laughter.]

Mr. REED. I read from the Progressive of June 21, 1943:

Although the administration sought to create the impression that its only labor difficulties were with Lewis and the United Mine Workers, it has been clear enough for some time that all of organized labor is becoming resentful of the run-around it has received in Washington. Last week, for instance, mild-mannered William Green, president of the American Federation of Labor, predicted a "spontaneous revolt" of wage earners unless living costs are cut.

Mr. President, that is what I have been talking about. That is why I have gone to all this trouble to show the relation

of the wage earner to living costs. No one can examine the charts I have presented, and which will appear in the RECORD, which contains official and reliable figures, without knowing that the wage earner has been amply protected, better protected than any other class of people in the country, and yet Mr. Green is quoted in the newspaper published by the Senator from Wisconsin as predicting a "spontaneous revolt" of wage earners unless living costs are cut.

I continue to read from the Progressive:

Calling for a slash in living costs or an increase in wages beyond the Little Steel formula, Green declared that "the workers of the Nation feel that their Government has gone back on its promise to extend them equality of treatment in the cost of living control."

Let me go back, Mr. President, to the first table which I offered for the RECORD, and which will be published in the RECORD. Between January 1, 1939, at which time wages had already doubled through the 25 years preceding, and the immediate period of which Mr. Green complains, that is, between January 1, 1939, and April 1943, hourly wages had increased 57.9 percent, weekly wages had increased 92.9 percent, and the cost of living had increased 24 percent. Yet Mr. Green threatens us with a "spontaneous revolt" unless wages are further increased, or living costs—and he means the prices paid to the farmer—are reduced.

Mr. President, I have about concluded my remarks. I wish to make my position clear. My sympathy goes to the white-collar worker, to the man with a fixed income, who always gets the worst of it in a situation of this kind. I wish there were some way to help him. I think some way might be found if the high authority of government would give this problem some attention from that angle, which it never has done, and which it shows no inclination of doing.

Secondly, I have no quarrel with respect to good wages. I want workers to receive good wages. But I do not want them to receive good wages, and then, through their undue influence with the national administration, having already been preferred above any other class, to come forward with the backing of the administration and threaten a spontaneous revolt unless their already favorable situation is improved at the farmers' expense.

Mr. President, I yield the floor.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries.

CONTINUATION OF COMMODITY CREDIT CORPORATION

The Senate resumed the consideration of the bill (S. 1108) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and to provide for an audit by the General Accounting Office of the financial transactions of the Corporation, and for other purposes.

The **PRESIDING OFFICER** (Mr. O'MAHONEY in the chair) The question is on agreeing to the committee amendment on page 2, line 3.

Mr. **BROOKS**. Mr. President, I wish to speak briefly in opposition to the committee amendment which would authorize the expenditure of \$500,000,000 to carry out the roll-back of prices on meat, butter, and coffee, or such other roll-back programs as might be carried out within that amount of expenditure.

Three main reasons are advanced for the adoption of this amendment:

One, that it will result in a saving to the consumer.

Two, that it will prevent inflation.

Three, that it will carry out the announced program of the Chief Executive.

I believe that the adoption of this form of subsidy, which many of the best legal minds in the Senate believe to be an illegal procedure, will be but the beginning of a general program of subsidy which in the long run will not decrease but will increase the cost to the consumer by adding constantly heavy burdens of taxation. I believe that it will not prevent, but will hasten and contribute to inflation. However, the larger, and immediately important problem, is that of production, price control, and distribution of our vital "food for victory."

Every member of the Senate committee who heard the voluminous testimony given during the investigation of the manpower problem is fully aware of the tragic neglect and almost criminal bungling of our food-production program.

The shortage of machinery, the lack of fertilizer, and the excessive draining of men from the farms by both the armed forces and industrial plants by reason of the high wages paid by them, prove conclusively that we will surely fall short of last year's production even if we were to have the most favorable weather conditions.

The extremely late planting season and the destructive effects of floods in the Midwest are certain to have added disastrous effects on our production.

The failure to allow price and wage increases to canners has materially reduced the possibility of saving large portions of our already reduced production of many foods.

The control of the price of corn threatens to close many corn-products factories, which will definitely hinder not only many of our war industries and essential food-products industries, but threatens to force its skilled workers to find employment in other industries and then prevent them from making their highest contribution to our already unprecedented war task.

The dairy herds and poultry flocks are both going to suffer by reason of lack of properly prepared foods because of inability to secure corn, and thousands of hogs and other essential brood animals will be sent to market because of lack of feed.

This will further materially reduce the supply of milk, butter, eggs, cheese, meats, and fats for human consumption, as well as many essential elements so

vitaly necessary to our industrial war effort.

Now comes the further deterring and distressing program of costly and confusing systems of roll-back subsidies which were never authorized by law.

Confusion on the home front will soon be a more deadly weapon against our American war effort than enemy submarines and airplanes.

The brilliance of our American design and construction engineers plus the daring and courage of our fighting young American men are fast overcoming the weapons and fighting ability of our enemies abroad, while we have wandered farther into the wilderness of confusion on the home front.

Our people in the Midwest are distressed over this constant confusion caused by conflicting directives, orders, questionnaires, releases, and statements coming out of the overlapping bureaus and commissions in Washington. They are disturbed by the conflicting stories of further curtailing their use of gasoline, the conflicting stories concerning the drafting of fathers, the changing controls of the use of manpower, materials, and awarding of war contracts, and now the changing rules concerning the prices of food.

If we were to enact into law the measure now before us we would merely confound existing confusion. When Chester Davis was called back to Washington to assume the role of Food Administrator, many of us felt that a sound and sane program was in the making. Instead, it turned out to be just another makeshift gesture. A capable man was given grave responsibility without adequate authority. It is my firm conviction that unless he is quickly given genuine authority over prices, production, and distribution of food we will lose the beneficial effect of the confidence he commanded in the commercial, financial, and farming population of our country.

The testimony before our committee investigating manpower showed that at no time was food production, through responsible representation, ever given a seat at the table where the strategy, plans, and policies of our gigantic war effort were considered and decided.

When Chester Davis was called in at a critically late hour to tackle the tremendous job of food administration, he was not even then made a member of our War Mobilization Board.

The time has come for Congress, in full possession of these facts, to fulfill its responsibility as the elected representatives of the people and to say "No" to any more half measures, and to insist that full authority be granted to a responsible man to establish an intelligent program of producing, preserving, pricing, and distributing food.

The farmers who produce and the organizations which process our food supply have all made known their dissatisfaction with and their protest against the ruinous confusion and the cost of the proposed additional bureaucratic control over food production, prices, and distribution. To enact a measure providing for such control is merely to fly in the face of those sincere, patriotic

American citizens who ask only that we give them a clear program under which they may make their full contribution in producing the principal product needed for the American war effort—food. Further delays are dangerous, for food is the No. 1 essential weapon for victory, and certainly is by far the most effective weapon in establishing and preserving a permanent peace.

The daily stories of the gallantry of the services and sufferings of our young men and women overseas should no longer be a smoke screen to shield inadequate plans and inefficiencies on the vital home front. The warnings against the approaching food shortage and the protest against the confusion that will cause it have been stated time and again. The hour for action has come. We, the Congress, have a definite responsibility to demand that adequate authority be given to the Food Administrator under the vast powers given to the Chief Executive, or we should set up that authority now by further legislative action.

The time for procrastination, evasion, indecision, and makeshift half measures is past. Therefore, we should say "No" to these particular forms of subsidies in order to prevent their hindering rather than helping the production and processing of our already inadequate supply of food.

If we do not stop taking half-step measures farther into the wilderness of confusion, we shall add greatly to the difficulties entailed in defeating our enemies abroad, and the starving people we will liberate will find that we have come with an empty cupboard.

If the general roll-back subsidy program is adopted, very little of the money provided under it will cause a reduction of prices to consumers; but, as heretofore proven in the case of both butter and beef, the result will be a reduction of prices to the producers; and a large portion of the money will be absorbed in the creation of further bureaucratic control and bungling.

Mr. **SHIPSTEAD**. I suggest the absence of a quorum.

The **PRESIDING OFFICER**. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Hatch	Reed
Andrews	Hawkes	Revercomb
Ball	Hayden	Reynolds
Bankhead	Hill	Robertson
Bilbo	Holman	Scruggs
Bone	Johnson, Colo.	Shipstead
Brewster	Kilgore	Smith
Bridges	La Follette	Stewart
Brooks	Langer	Taft
Buck	Lodge	Thomas, Idaho
Burton	McCarran	Thomas, Okla.
Butler	McClellan	Thomas, Utah
Byrd	McFarland	Tobey
Capper	McKellar	Truman
Caraway	McNary	Tunnell
Chandler	Maloney	Tydings
Chavez	Maybank	Vandenberg
Clark, Mo.	Mead	Van Nuys
Connally	Millikin	Wagner
Davis	Moore	Wallgren
Downey	Murdock	Walsh
Eastland	Murray	Wheeler
Ferguson	Nye	Wherry
George	O'Daniel	White
Gerry	O'Mahoney	Wiley
Green	Overton	Willis
Guffey	Pepper	Wilson
Gurney	Radcliffe	

The PRESIDING OFFICER. Eighty-three Senators have answered to their names. A quorum is present.

Mr. SHIPSTEAD. Mr. President, the bill now before the Senate is in the form of a subsidy to pay commitments which have been incurred by the executive department of the Government. The legality of the commitments upon which the bill is based has been denied by the distinguished Senator and attorney from Ohio [Mr. TAFT]. He said yesterday that he did not believe that there was any foundation for the proposed subsidy in any legislation upon the statute books, or words to that effect, if I do not quote him exactly. I believe the distinguished Senator from Georgia [Mr. GEORGE] made a similar statement. I understand that that is his view. Yesterday I asked the distinguished Senator from Alabama [Mr. BANKHEAD] on what law the proposed legislation was based; and with all due respect to the distinguished Senator, I could not find satisfaction in his explanation.

The legality of the proposed subsidy legislation is based upon the strange opinion of the Attorney General that the packer is a producer. The purpose of the bill is said to be to take care of the producer. This subsidy, if enacted into law, will therefore be paid to the packer of meat, who has already bought hogs and cattle at prices below the ceiling. We know that when the Executive edict with respect to the subsidy program was announced, the prices of cattle and hogs dropped on the market as much as a dollar or more a hundred pounds.

The proposed subsidy would be paid to the packer of meat, who has already bought hogs and cattle at prices below the ceiling; but apparently the farmer has no recourse. The executive department has, under this policy, made commitments without the consent of Congress, and now asks Congress to make good this commitment by check written on a bank with no funds. The question for Congress to decide is, Shall the Congress make good this claim based on the strange legal imagination that the packer is the producer and can collect if this bill is passed, but that the farmer, who has sold his hogs and cattle, has no recourse? He has already taken his loss. The bill, if passed, should specify that the claim for loss should be paid to the original producer. The processors have already protected their losses by reduced prices to the farmer, who is the original producer.

The bill is, in effect, in the form of a claim for damages. If any funds are to be expended, they ought to be paid to those who have sustained the loss. It is my opinion that the Congress has already made good too many post-dated checks. The practice of the executive department in making commitments of expenditures without the sanction of Congress is a subversive activity for the Executive to control the purse, a power vested in Congress. This is not only a post-dated check but is, in fact, also a blank check, to be signed by Congress

and filled out for such amount as the executive agencies may find need to meet such commitments as they may assume.

When the executive department has a policy which involves expenditures, it should come to Congress for permission to incur commitments of such nature as may occur to them. The sooner the Congress takes action to enforce that policy and its authority over the purse the sooner we shall have less confusion and greater satisfaction with the administration of the war effort and our national economy and life.

This bill is, in effect, a claim for damages suffered by the producer of beef, pork, and butter as a result of the rollback policy of the O. P. A., and unless the funds from this post-dated check issued without authority of Congress are paid to the original producer who has sustained the loss, the bill should not be passed at all. I do not see how, under this program, such funds can now at this late date be paid to the farmer, because he has already taken his loss. Therefore, I cannot support the Taft amendment or the bill in its present form.

Mr. President, I ask unanimous consent that a tabulation prepared by the Bureau of Agricultural Economics, dealing with hourly and weekly earnings of factory workers, cost of living, retail cost of foods, and prices received by farmers, to which I referred when the Senator from Kansas [Mr. REED] was speaking, be printed in the RECORD at this point as a part of my remarks.

There being no objection, the tabulation was ordered to be printed in the RECORD, as follows:

Comparison of wages, cost of living, food costs, and farm prices, 1910 to date

[1910-14=100]

Year	Hourly earnings factory workers	Weekly wages per factory worker	Cost of living	Retail cost of foods	Prices received by farmers
1910-14.....	100	100	100	100	100
1914.....	105	103	104	106	101
1915.....	108	107	105	104	98
1916.....	123	121	113	117	118
1917.....	147	143	133	151	175
1918.....	193	183	156	173	202
1919.....	226	207	179	193	213
1920.....	273	247	207	218	211
1921.....	239	208	185	166	125
1922.....	219	202	173	155	132
1923.....	246	224	177	160	142
1924.....	257	225	177	158	143
1925.....	257	229	182	171	156
1926.....	259	231	183	177	145
1927.....	261	232	180	171	139
1928.....	265	234	178	169	149
1929.....	268	235	178	171	146
1930.....	261	218	173	163	126
1931.....	244	196	158	134	87
1932.....	216	159	141	112	65
1933.....	215	154	134	109	70
1934.....	256	170	139	121	90
1935.....	264	183	142	130	108
1936.....	267	196	144	131	114
1937.....	300	213	149	136	121
1938.....	302	195	146	126	95
1939.....	304	208	144	123	92
1940.....	318	222	145	125	98
1941.....	351	264	152	136	122
1942.....	410	331	169	160	157
March 1943.....	449	365	178	177	182

Source: Bureau of Agricultural Economics.

	March 1943 compared with May 1942	March 1943 compared with 1919	March 1943 compared with 1939	March 1943 compared with 1926
Average hourly earnings.....	1 12	1 99	1 47.7	1 73.4
Average weekly earnings.....	1 16	1 76	1 75.5	1 58
Cost of living.....	1 5.9	2 005	1 23.5	2 2.7
Retail cost of food.....	1 12.7	2 8	1 43.8	2 2.7
Farm prices.....	1 19	2 14.5	1 97	1 25

¹ Percent more.

² Percent less.

THE PRESIDENT'S WORK OR FIGHT STATEMENT

Mr. BYRD. Mr. President, yesterday afternoon the President made a public announcement favoring the work or fight principle and amendment of the Selective Service and Training Act to raise the age limit for noncombat military service from 45 to 65 years.

He said:

I shall make that request of the Congress so that if at any time in the future there should be a threat of interruption of work in plants, mines, or establishments owned by the Government or taken possession of by the Government, the machinery will be available for prompt action.

Mr. CONNALLY. Mr. President, will the Senator yield for a question?

Mr. BYRD. I yield.

Mr. CONNALLY. Does the Senator from Virginia understand that in the case of any plant which had any difficulty, the proposal to which he has referred would authorize the President to draft all the workmen in the plant, and compel them to work whether they wanted to or not?

Mr. BYRD. I will say, Mr. President, that I have quoted the language of the President of the United States, and the Senator from Texas can interpret it as well as I can.

Mr. CONNALLY. The point I make is that it seems to me the Senator is correct in the assumption that if the President's plan should be adopted by the Congress, any plant which he might desire to take over, could be taken over by him and he could draft into the armed service every man in the plant, and if the men refused to work they would be guilty of desertion and subject to the penalties for desertion, whatever they may be. That seems to me to be a much more drastic and rigid remedy than anything proposed in the labor relations bill which passed the House and the Senate by such overwhelming majorities, and which approximately 90 percent of the people of the United States are demanding to be approved and made a law.

Mr. BYRD. On March 1, Mr. President, I introduced Senate bill 802, which provides for the amendment of the Selective Training and Service Act of 1940 to give control over all registrants from 18 to 65 and which, with some modifications, is in substance what the President now proposes.

Had this proposed legislation promptly been enacted, the situation which now

confronts us with respect to the lack of available governmental machinery to require those who are now striking in the coal mines to go back to work would not exist.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. HATCH. Is there anything in the legislation proposed by the Senator from Virginia, which he is now discussing, which would conflict in any degree with the bill which now awaits the President's signature?

Mr. BYRD. Not at all. I shall come to that point in a moment.

Shortly after the introduction of my proposed legislation, the different agencies of the Government indicated their disapproval of the work-or-fight principle, which is now proposed by the President of the United States and embodied in the Byrd bill. On April 8, Mr. Donald M. Nelson, Chairman of the War Production Board, wrote to the chairman of the Senate Military Affairs Committee indicating his disapproval of Senate bill 802. On April 3, Mr. Frank Knox, Secretary of the Navy, indicated his disapproval. On May 5, Mr. Paul V. McNutt, Chairman of the War Manpower Commission, indicated his disapproval. On May 11, Mr. Henry L. Stimson, Secretary of War, indicated his disapproval.

Now that the President of the United States will recommend to Congress the work-or-fight principle and the amendment of the Selective Training and Service Act for the purpose of extending the age limit for induction into the armed service from 45 to 65, I assume those officials—W. P. B. Chairman Nelson, War Manpower Commissioner McNutt, the Secretary of the Navy, and Secretary of War—will withdraw their opposition to the work-or-fight principle embodied in Senate bill 802 introduced by me.

The Senator from Mississippi [Mr. EASTLAND] has introduced proposed legislation along the same general lines.

In view of the announcement of the President of the United States, I am requesting the chairman of the Senate Military Affairs Committee, the Senator from North Carolina [Mr. REYNOLDS] promptly to call a meeting of his committee for the purpose of considering Senate bill 802, introduced by me on March 1, at which time I will present certain amendments, but will retain the work-or-fight principle so that those from 18 to 65 who refuse to work behind the lines in order to supply the boys on the fighting front will be subject to the same control by the Government as those who are inducted into the armed service.

I congratulate the President on his recommendation to Congress that those who have already registered from 18 to 65 for the purpose of rendering the most effective service during the war emergency should come under the control of the Selective Service and Training Act, and give to the authorities the right to require them to work in defense industries, or be inducted into the armed service.

The very least we can do in performing our duty to those who are facing the

enemy on many foreign battlefields is to compel those at home to do what may be necessary to produce the implements of war so that these American men may effectively do their part on the foreign front.

Mr. President, we have temporized with this situation long enough. Our domestic front is in the most chaotic condition that this country has ever witnessed. Unless firm measures soon are taken we may lose this war on the home front and certainly the war will be lengthened and many American boys will pay the supreme penalty because of our failure to do what we should do at home in a total war effort which can come only from total sacrifice.

I desire to say, Mr. President, that I sincerely hope the proposal just made by the President of the United States to work or fight is not made as a substitute for the Connally-Smith bill, but that it will be considered only as a measure to implement that legislation.

I believe, Mr. President, that a veto of the Connally-Smith bill would have disastrous consequences on public morale. This legislation, after months of debate and conflict, was finally enacted by both Houses of Congress. It provides strong measures to meet the labor crisis that now confronts us. Implemented by further legislation on the work-or-fight principle, our country can be assured that for the duration of the war there can be no further interruption in the production of those supplies essential for our victory.

I have no means, of course, of knowing what the President proposes to do. In the next few hours he must make his decision. It will be a momentous decision in the history of America. If he vetoes the Connally-Smith bill, millions of Americans will believe that a trade has been made with John L. Lewis—that in return for Lewis permitting the mines to operate an agreement was made that the strike legislation would be vetoed. I do not presume to say whether or not such a belief will be warranted by the actual facts, but I do say that beyond question many millions of our citizens will believe that such was the case.

We should recognize that John Lewis has made the working of the mines conditional on his own terms, namely, that he will continue to work the mines only so long as the Government operates them, and when the Government ceases to operate the mines, he has emphasized, the agreement to continue to work until October is immediately rescinded.

We cannot permit any one man in America to offer terms to the United States Government in time of war in the operation of a vital industry essential to our war production.

Let the President sign the Connally-Smith bill and then implement this bill by work-or-fight legislation, as he has now proposed, and for the duration we can feel assured that no further labor troubles will occur.

I regret, Mr. President, that such strong measures are necessary, but in view of the open defiance to governmental authority by John Lewis, there is no alternative, as I see it. Our labor poli-

cies have been weak and vacillating. To delay firm action longer will be to invite certain disaster on the home front.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. CONNALLY. The Senator referred to a postponement until October 31, conditioned on Government operation. Conceding that the passage of the strike bill had some influence in making Lewis go back to work, or rather, not in making him go back to work but making other people go back to work, what will happen in October when he renews the strike without the strike bill or anything else? What is to hinder him from breaking out again in October? I want to emphasize the necessity both of the strike bill, and then if the Senator can get his legislation through, which probably he will have a hard time doing, well and good.

Mr. BYRD. I realize the Senator from Virginia cannot do it alone, but I thought, with the influence of the President of the United States back of the bill introduced by the Senator from Virginia there might be a chance.

Mr. CONNALLY. I was going to say that it in nowise removes the necessity and desirability of approval of the bill I introduced in the Senate.

Mr. BYRD. I tried to make as clear as I could in my statement that it is very important and vital that the Connally-Smith bill be signed, and that it be made a law.

CONTINUATION OF COMMODITY CREDIT CORPORATION

The Senate resumed the consideration of the bill (S. 1108) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and to provide for an audit by the General Accounting Office of the financial transactions of the Corporation, and for other purposes.

Mr. HILL. Mr. President, as we know, there are conference reports on appropriation bills now pending for action; the Appropriations Committee will meet this afternoon on the Federal Security and Labor appropriation bill; there are also to be considered the huge War Department appropriation bill, and an appropriation bill for war agencies, and another deficiency bill to come along. These bills must become law by next Wednesday evening. So it is greatly to be desired that the Senate make disposition of the pending bill as soon as we reasonably can. In view of the circumstances, I ask, Mr. President, that during the consideration of the pending bill, no Senator shall speak more than 15 minutes on any amendment, on any motion, or on the bill itself, and that no Senator shall speak more than once on any motion, on any amendment, or on the bill itself.

Mr. McNARY. That, as I understand, would give each Senator a total of 30 minutes.

Mr. HILL. Any Senator could speak 15 minutes on any amendment, and 15

minutes on the bill, which would give a total of 30 minutes.

Mr. GEORGE. Mr. President, this is the most important measure that has come before the Senate, at least this year, and, perhaps, the most important measure that has even been presented to the Senate. So I object.

The PRESIDING OFFICER (Mr. TUNNELL in the chair). Objection is heard.

THE FOOD SITUATION

Mr. WILEY. Mr. President, yesterday I took time of the Senate to speak about the food situation in the State of Wisconsin. I had particular reference at that time to the situation concerning the pea crop. This morning I received a long-distance telephone call, the gist of which is:

After a cold, wet spring, hot weather has come, and the crop is coming on very fast. It has brought us a bumper crop of peas. If labor is not obtained, will lose between 20 and 25 percent of the food.

Mr. President, I spoke yesterday of the fact that in north Africa and Tunisia, in order to save the food crop of Tunisia American brains there went into action, utilized the armed forces and the gasoline, trucks, and machinery of the Army. In my section—the Middle West—there are great Army camps. I want men of the armed forces used to save the crops.

Mr. President, listen to this quotation from the telephone conversation:

The United States Employment Service has been doing all it can, but there is no manpower available. It is not their fault.

That means that in that section there have been sucked off the farms and put into plants producing war supplies the men who should now be harvesting the peas and working in the pea canneries.

It means that the men from the cities and villages who were available last year are in war production plants receiving big pay. Something must be done at once. The only available man supply is in the Army camps.

Mr. President, listen to this part of the telephone message which I had my secretary transcribe:

They are sending some soldiers out of Truax Field for a day at a time. They have to be back in camp at 7 o'clock. We pay them for 10 or 12 hours, but they work actually only about 8 hours. It is better than nothing.

The telephone message continues:

Soldiers should be made available with their own living quarters, as most of the places—

Meaning the villages and the cities—can't house them.

Let us stop and view the situation. When I talked yesterday to one of the military men he said, "Do you think, Senator, that the villages or cities where canning factories are located could arrange to take care of the 50 men you want there?" I said, "I do not know. I do not know how they can."

Suppose the Army was to pursue such a course in Tunisia—ask for quarters. The Army have their own kitchens, and their own tents. We are talking now about preserving or losing from 20 to 25 percent of the pea crop. The Army, lo-

cated in groups in camps such as Camp Grant, Camp McCoy, and others, say, "Won't you please provide housing, and we will send our boys out by truck, but we must have those boys back in the evening. They cannot stay out when it gets dark." That is the sum and substance of what is said which shows an absolute lack of comprehension of the situation.

Mr. President, this is a serious matter. Twenty-five percent of the pea crop will be wasted unless we can get men into the fields. Ordinarily I do not use language such as I am now employing; ordinarily I try to be calm, but if we do not get that crop in—and I am not talking on behalf of the canneries, I am talking on behalf of the boys in the armed services, I am talking on behalf of the people of this country who have to eat—if the authorities do not learn the lesson in regard to peas, they will not learn it in regard to corn, or tomatoes, or spinach, or any of the other crops. If you please, they will not learn the lesson which our own folks in Tunisia taught when it was necessary to save the wheat crop there.

Listen to this telephone message, which came over the wire just half an hour ago:

Situation particularly critical in Dodge and Columbia Counties, Jefferson, and Fond du Lac.

Yesterday in Columbus 27 vineries should have been running and only 9 were.

Two-thirds of those vineries were out of action, and Senators know what that means. Twenty-seven in one town, Columbus, should have been running, when only nine were. Yet the officials of this Government, who have the over-all picture in their hands, will not see to it that orders are issued to make men available to preserve the food.

The telephone message continues:

The crop in the northern part of the State will be coming end of next week.

That means at La Crosse, Eau Claire, and my own town of Chippewa Falls. In that area the situation is very critical. The telephone message continues:

We were up to Camp McCoy the day before yesterday talking to the commanding officer. He told us his field troops were under field orders and not available. He is going to make some 200 to 500 limited-service men available on 3-day passes. We hope they will get down tonight. However, we still need 500 men in that particular area.

The gentleman who was talking, Mr. Verhulst, secretary of the canneries' association of the State, said:

We are not holding the United States Employment Service responsible—there simply isn't the manpower here.

Meaning that in the villages and cities and on the farms there is not the manpower, but in the camps there is the manpower available to save the food of this country for our armed forces and ourselves. Yet there are not the brains available to get the crops out—release the manpower to save the food for the Nation.

The telephone message continues:

Have been told troops from Fort Meade have been called to harvest crop in Maryland.

Thank God there are some brains somewhere in this country. I hope this news is true. I sincerely hope it is true,

and I sincerely hope that whoever is responsible for the exercise of a little brain power in this picture will get credit, I hope, too, that, as in the East, the good work will permeate the whole lump, meaning the whole country, so that as the harvest comes on in the various sections of the Nation, the manpower will be made available.

The important thing now is to get boys out of the camps during the harvest and into the canneries. As I suggested yesterday, the primary problem in our country now is to preserve the food first. Everything else should be secondary. I could take the time to tell the Senate how many millions of men we have in training, and I could tell also how many it is estimated will eventually go overseas. Then I could tell how much of a reservoir would be left in this country to sit around and march around and train around. Of course, the brass hats cannot see the need of preserving the food. They have gotten into a rut and cannot see what is necessary. If the boys do not get the food, later on they will not be in shape to train or fight.

We heard remarks this morning by the distinguished junior Senator from Virginia [Mr. BYRD] in relation to the signing of the strike bill. Is there any difference between men stopping work and thus preventing the production necessary to provide the arms with which our soldiers are to fight, and the lack of brains on the part of those who should have brains to see to it that the food is preserved? One is as bad as the other. In one case there is absolute inaction on the part of men who should be active in production. In the other case there is mental blindness on the part of men who should be active in seeing that the food is harvested, placed in cans, and preserved for the Nation.

I sincerely hope that somewhere someone will be found who will send the word out to the proper officials in the camps in Wisconsin and elsewhere, "First things first. Get the men out to preserve these crops."

I say, Mr. President, that if we lose 25 percent of this food crop, everyone of us will suffer this year.

CONTINUATION OF COMMODITY CREDIT CORPORATION

The Senate resumed the consideration of the bill (S. 1108) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and to provide for an audit by the General Accounting Office of the financial transactions of the Corporation, and for other purposes.

Mr. LANGER. Mr. President, I ask unanimous consent to have inserted in the RECORD a letter from the Secretary of the North Dakota Stockmen's Association dealing with the matter of subsidies and the price roll-back. I particularly wish to state that the North Dakota Stockmen's Association is the leading livestock association in the State of North Dakota, and it speaks with authority in regard to stock raising. Mr.

Arndt, the secretary, is thoroughly familiar with the problem.

Mr. GEORGE. Are the members of this association favorable to the price roll-back or against it?

Mr. LANGER. Let me read the letter and the Senator can judge for himself:

NORTH DAKOTA STOCKMEN'S ASSOCIATION,
Minot, N. Dak., June 21, 1943.

HON. WILLIAM LANGER,
United States Senator,
Washington, D. C.

MY DEAR SENATOR: The other day I wrote to you expressing not only my personal opinion but the opinion of this association on the subsidy and price roll-back program. I thought you might be interested in just how this subsidy program is affecting the cattle market, and I am enclosing a sheet from the Markets magazine of Thursday, June 17. It would seem to me that in view of the fact that we are supposed to try to encourage production all that we possibly can, this is just about the silliest thing that was ever attempted and the final result must be apparent to everyone.

As far as I am concerned, I believe that if this program is followed out, there will be a genuine crisis in the livestock industry. With all of the uncertainties and confusions in the market, I do not see how we can expect feeders to take cattle out to the feed lots for the additional gain that we need so badly when it is almost self-evident that they are going to lose money. Feed costs are rising every day and feed is becoming scarcer day by day also. Labor costs are all out of sight and just how anyone is going to be able to stay in this business of producing food under circumstances of this kind is something that I cannot answer.

I do not see how anyone representing an agricultural State would even consider supporting a proposition of this kind, and if the administration is permitted to go through with it, we are headed for a lot of trouble. Further I think that the time has come when we should stop trying to appease labor at the expense of agriculture.

Yours very truly,
L. E. ARNDT, Secretary.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point the article published in Markets of Thursday, June 17, 1943, referred to by Mr. Arndt.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

PACKERS FAIL TO REDUCE CATTLE PRICES; SALESMEN REFUSE BIDS OF 75 CENTS TO \$1 OFF
(By Federal-State Market News Service)

The sharply lower opening session in the cattle division at South St. Paul was apparently a part of a Nation-wide campaign to reduce live cattle costs in anticipation of a roll-back in meat prices.

Monday's session was by far the slowest of the current season. Sellers being taken by surprise, were hardly prepared for the sharply lower bids, and as a result the entire market was somewhat confused.

Steers and yearlings were bid largely 50 cents and more lower, while on other classes, bids ranged 50 cents to \$1 lower. The selling side, however, put up a strong resistance, refusing in some instances to show consignments, and taking a few steers off the market.

The net result was a 25 cents to 50 cents lower market on steers while cows and bulls were unevenly 25 cents to 75 cents lower. The producing faction would not be stampeded, however, and subsequent sessions saw a sharp reduction in salable supplies.

Thus with supplies already running below normal, any further decreases could have

only one result, namely a tendency for prices to move upward again toward levels prevailing late last week. At midweek fed steers, yearlings, and heifers were weak to mostly 25 cents lower.

The top for fed steers for the week was \$16 paid for a package of choice 1,358-pound fed steers, and there were other lots of strictly good and choice in a range of \$15.50 to \$15.75. It was largely a \$13.75 to \$15 market on the rank and file medium and good grades on Wednesday, with numerous lots of medium grade lightweight steers having sold down to \$13.25 earlier in the week.

Good and choice yearling heifers sold up to \$14.50 on Monday but subsequently there was little available above the good grade. The bulk medium and good heifers changed hands from \$13 to \$14.25, with a few common dairy-breds downward to \$11.25.

Cows recovered around 25 cents of earlier losses, selling at midweek generally 25 cents to 50 cents lower, in a very uneven trade. The practical limit for good beef cows was \$13 compared with \$13.50 late last week while cutters stopped at \$10 compared with instances up to \$10.75 last Friday.

Canners were not so severely hit and while odd head had to go below \$7.50, the bulk sold above \$7.75.

Only odd head good beef bulls realized \$12.75 on Monday, but by Tuesday this price was paid quite freely and on Wednesday there was a fair showing at \$13. Unlike late last week, however, there were no bulls quoted up to \$13.25 making the average loss figure about 25 cents.

Medium and good sausage offerings sold late in a bulk spread of \$10.25 to \$12.50.

Vealers lost 50 cents as their part of the lower trend, but in this class, there were no violent price losses or recoveries, rather a gradual lower trend.

Good and choice vealers went at \$13 to \$15, with odd head going to shippers up to \$15.50. Common and medium kinds centered around \$9.50 to \$12.50, with light culls here and there down to \$7.

Mr. LANGER. I have before me another letter which may interest the distinguished Senator from Georgia. The letter is addressed to me, under date of June 20, 1943, and is from a group of farmers and livestock producers residing in the vicinity of Mohall, N. Dak. I believe it is one of the most important letters dealing with this problem I have received. It is as follows:

HON. WILLIAM LANGER,
United States Senate, Washington, D. C.

DEAR SENATOR: Due to the concern of a large number of livestock producers in the vicinity of Mohall over the declining prices of hogs and cattle and the constantly rising price of feed grains, which has been very prevalent in recent weeks, a group of livestock growers gathered last evening at the office of Theo. Clifford and, after considerable discussion, a decision was made to call you by long-distance telephone.

After our fine discussion with you regarding the program, it was decided to call a meeting this morning at 11 a. m., at which time a large number of farmers were present representing both large and small growers of livestock. I am sure that you personally know many of these men: Frank Sandberg, living west of Mohall; Palmer Asheim, east of Mohall; Lawrence Johansen, our local creamery operator at Mohall; Theo. P. Clifford, attorney and farmer; Harry Lohse, farmer and livestock raiser—

I may add that for a long time he was State chairman of the A. A. A.—

Roy Hoke and a considerable number of others.

We have gone about gathering some information which I believe will throw considerable light on the situation as we see it at this time. Constantly during the summer of 1942, and well into the winter of 1943, every effort was being made upon the part of representatives of the Department of Agriculture encouraging livestock producers and grain farmers to grow everything they could possibly grow because of the urgent war needs.

Today we find ourselves confronted with an estimate by the Renville County agent, Mr. Al Strong, to the effect that we have at least a 30 percent increase in hogs, a very marked increase in the number of milk cows, as well as other cattle and a vast amount of sheep and lambs. However, for the past 10 days, because of the increase in barley prices, we find a virtual stampede of immature spring pigs and unfinished packing sows coming to our local market with this explanation by the farmers: That, with 81-cent barley here at Mohall as of June 19, it is impossible for them to see where they can afford to feed this high-price feed and market their hogs at the price of \$12.40 per hundredweight, which is the local livestock market. We find this condition existing together with the terrific handicap our farmers are working under because of the shortage of available farm labor and inexperienced farm help, as well as a complete lack of equipment.

With these thoughts in mind, the above mentioned group took it upon themselves to make rapid telephone surveys, and we are submitting this information to you. The amount of barley that has been shipped out of this locality is as follows:

1. Mohall—

A town of about 2,000 population—has shipped out 6 cars of barley the past 10 days.

2. Tolley—

A town of about 1,000 population—a rough estimate of 42,000 bushels in recent months.

3. Glenburn—

A town of about 1,000 population—some 4,000 bushels of barley as well as 4,000 bushels of oats.

When elevator men here were asked why the shipping out of this feed grain, the answer from everyone has been that they can ill afford to hold this grain with the uncertainty of prices, while at the same time everyone was well aware that much of this feed will be needed here locally at a later date.

Furthermore, we find that Commodity Credit has asked for and is accepting the liquidations of 1942 and prior wheat loans to the extent that the Hurley Farmers Elevator at Loraine, managed by H. A. Gates, will be moving 80,000 bushels of wheat as fast as available cars can be obtained. Other elevators in Renville and West Bottineau Counties report the same situation. That brings us to a cleaning out, so to speak, of wheat held by the Commodity Credit Corporation, as well as barley and oats moving because of attractive prices to the local terminals, and an immediate liquidation of the barley and oats because of fear of Office of Price Administration ceiling prices.

It would appear that in the event something should happen to our crops, of having the ridiculous situation of first shipping out such grains as might be needed to feed this livestock—and then, perhaps, following it with a great number of unfinished livestock.

I am sure, Senator, that you are well aware that we here in the western part of North Dakota are never quite sure of a crop until the same is in the bin.

We also took a hurried survey at random, by telephone, of 15 representative farmers,

and we are submitting their feed situation and the number of hogs on their farms:

Mr. O. P. Witteman, west of Mohall—170 pigs, 30 sows. Has 800 bushels of barley on hand. Expected to buy local feed in the event that he did not raise sufficient feed himself. Witteman informs us that he has made inquiry to purchase feed within the past week and has been unable to locate feed from any of his neighbors.

Asheim and Johansen, operating south of Mohall—70 sows, 30 feeder pigs, and 400 spring pigs. As of this morning they have 300 bushels of barley on hand.

As the distinguished Senator from Georgia knows, that would be only enough to feed these animals for about a week.

William Witteman, east of Mohall—150 pigs, 20 sows. He figures he has 2 weeks' feed on hand.

Charles Adams, the writer, of Lansford territory, has 100 hogs, 70 ready for market, 10 sows, and 160 spring pigs. Have about 4,000 bushels of feed on hand, and after making this survey this morning, feel that I am much more fortunate than many of my neighbors.

Joe Fisher, southeast of Mohall, has 36 sows, 230 pigs, and 200 bushels of barley on hand. Was planning on buying feed barley, perhaps wheat, but because of this decline in hog prices and upward trend of feed grains, is seriously contemplating discontinuing this project.

John Gates, west of Loraine, has 26 sows, 230 pigs, 200 bushels of barley on hand. Had hoped to be able to avail himself of local supplies of barley and wheat.

This man has just about 10 days' supply of feed.

George Capranos, north of Mohall, one of our larger operators—last year raised about 400 hogs, and has been constantly liquidating until at this date he has 35 sows, 75 pigs, and 300 bushels of feed on hand. He is seriously considering disposing of the balance of the pigs and sows at whatever price he can get because of the uncertainty of market conditions.

L. H. Oberholtzer, of Grano territory, has 44 sows, 170 spring pigs, and 1,000 bushels of feed on hand. Expected to get grain locally until 1943 feeds were available. Reports corn crop making very unfavorable progress and is quite disturbed over this entire situation.

We have had too much rain in this part of the State, and the prospects for corn crops are not good. Of course, if we have considerable good weather from now on, the crops will come through. Out there, as the Senator from Georgia perhaps knows, most of us raise corn which matures early.

Albert Mace, of northeast of Mohall, about halfway between Antler and Mohall. Mr. Mace is one of the smaller operators—has 7 sows, 45 pigs, and 150 bushels of feed on hand. Was attempting to market these hogs Saturday evening because he feels, with feed prices as they are, he is better off without his hogs.

John Asheim, northeast of Mohall, has 60 sows and feeder hogs and 130 spring pigs. Reports that he has plenty of feed and will continue to operate.

Senator W. J. Trout, of Sherwood territory, has 30 sows, 200 spring pigs. Plenty of feed on hand, but very much disappointed with price situation and seriously thinks of selling all but a few hogs for home consumption.

John Mace, west of Mohall, has 12 sows, 100 spring pigs, and 100 bushels of feed on hand. He is undecided what to do, but believes he will market sows as soon as pigs are weaned, admitting they will go to market in unsatisfactory condition.

Frank Sandberg, west of Mohall, sold 75 spring pigs and will be selling his sows this week. He is keeping 1 hog to butcher. Will sell the feed rather than feed it to hogs.

Roy Hoke, of Greene territory, has eight sows which will be marketed immediately. He has sold all of his spring pigs. He feels that ratio between pigs and grain prices makes it impossible for him to grow them out; also confronted with labor problems.

Peder Rice, east of Mohall, has 30 sows, 150 pigs. Mr. Rice reports he has plenty of feed. I trust this will give you a picture of our local situation.

Mr. President, let me say that, in my judgment, the situation described in the letter is typical of conditions in all the western section of North Dakota. The community the writer of the letter describes is an average community.

The letter continues:

We also made a brief survey of the estimates of the possibility of having matured corn. Peter Asheim reports his corn is just coming up. He says it may make for fodder, but does not look to have any ripe corn—

Let me add, for the information of the distinguished senior Senator from Georgia, that usually by the Fourth of July the corn in North Dakota is at least 2 feet above the ground.

The letter continues:

Al Strong, county agent, reports that corn prospects are decidedly poor and that only about 50 percent of the 1942 corn acreage has been planted this spring;

Let me add that the same situation exists in eastern Montana. Conditions in both sections are identical.

I read further from the letter:

Frank Sandberg feels corn crop prospects very poor and looks for no ripe corn; the writer's corn prospects are very poor due to several contributing factors—poor seed, cold spring, and some seed which is not adapted to our territory; Theo. P. Clifford feels that we do not have a chance for ripe corn;

Let me say that Mr. Clifford is a man of about 45 years of age who was born in North Dakota and is an expert, as things go out there.

The letter continues:

Lawrence Johansen cut his corn acreage in half and expects no corn to reach maturity; Ed Bred, local elevator manager here states that too much southern corn has been planted, and says we can expect but little corn here this year.

This briefly, is a survey of our corn situation here, and I will admit it does not look bright. Our spring has been decidedly wet and backward; even snow storms in June.

In June, they had 5 inches of snow at Minot, N. Dak., and in western Montana.

I read further from the letter:

None of these conditions being conducive to a corn year.

Referring again to a paragraph in the early part of my letter, one can readily see that with our barley in October 1942 at 35 cents—

I, myself, sold some at that time at about that price—

and live hogs marketing at \$13.75 to \$14 a hundredweight, it was a comparatively easy matter to sell increased production of hogs and livestock by our local agricultural representatives, but when we find ourselves today with barley at 81 cents and hogs at less than \$12.50 a hundredweight, there is a keen disappointment on the part of the people who have learned to look to the Department of Agriculture representatives as their advisers

and have been accepting their advice and suggestions that it was contributing to the war effort.

I trust that this lengthy letter may help you in your splendid efforts for our people here in western North Dakota, and please feel free to call upon myself or any one of the group which was here at these meetings for any assistance that you may feel we can offer.

Respectfully yours,

CHAS. F. ADAMS,
Chairman, Lansford, N. Dak.

So, Mr. President, I want to say to the Senator from Georgia that the situation in western North Dakota is the very worst it has been at any time since the drought. As the Senator knows, we had 8 or 9 years of drought. We had fairly good crops in 1937, a poor crop in 1938, and splendid crops in 1939, 1940, 1941, and 1942. However, with the corn acreage cut down, the result will be that hundreds of thousands of cattle, hogs, and sheep that we had there last year simply will not be there this year. That is the situation.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment on page 2, line 8.

The amendment was agreed to.

The next amendment of the committee was, in section 3, on page 2, line 19, after the date "June 30", to strike out "1947, or the end of the second year following the first day of January immediately following the date upon which the President by proclamation or the Congress by concurrent resolution declares that hostilities in the present war have terminated, whichever is the later" and insert "1945."

The amendment was agreed to.

The next amendment of the committee was, on page 5, after line 15, to add the following new section:

SEC. 5. Whenever a maximum price or prices shall have been established for any agricultural commodity or any commodity processed or manufactured in whole or substantial part from any agricultural commodity, including livestock, under authority of the Emergency Price Control Act of 1942 or of the act entitled "An act to amend the Emergency Price Control Act of 1942, to aid in preventing inflation, and for other purposes", approved October 2, 1942, no subsidy or other payments shall be made either directly or indirectly to a producer, processor, manufacturer, or any other person engaged in the production, marketing, distribution, or handling of any such commodity for the purpose of compensating any such producer, processor, manufacturer, or other person in whole or in part for any reduction or rollback of maximum prices so established as may have been or may hereafter be ordered, from any funds heretofore or hereafter appropriated to the Commodity Credit Corporation unless the Congress, by appropriation or otherwise, shall have authorized the use of such funds for such purpose. The definition of the term "person" in section 302 (h) of the Emergency Price Control Act of 1942, shall apply to the term "person" as used herein.

Mr. AIKEN. Mr. President, on behalf of the Senator from Iowa [Mr. GILLETTE] and myself, I offer the amendment which has been printed and lies on the desk, as a substitute for the committee amendment on page 5.

The PRESIDING OFFICER. The amendment will be to the amendment stated.

The LEGISLATIVE CLERK. In lieu of the committee amendment beginning on line 16, on page 5, and continuing to line 12, on page 6, it is proposed to insert the following:

SEC. 5. No maximum price shall be established or maintained for any agricultural commodity or commodity processed or manufactured in whole or substantial part from any agricultural commodity, including milk and its products and livestock, under authority of the Emergency Price Control Act of 1942 as amended by Public Law No. 729, approved October 2, 1942, below a price which will reflect to the producers thereof in the market place, the higher of, the maximum prices provided in section 3 of Public Law No. 729, approved October 2, 1942, or the support price therefor as heretofore or hereafter announced by the Secretary of Agriculture or the War Food Administrator and which maximum price shall conform in all other respects to the provisions of section 3 of such act, as amended; nor shall any subsidy or other payments, other than those which have accrued prior to the effective date hereof, be made either directly or indirectly by the Government or any agency thereof, including any Government-owned or controlled corporation, to a producer, processor, manufacturer, or any other person engaged in the production, marketing, distribution, or handling of any such commodity either (1) for any reduction or roll-back of maximum prices so established as may have been or may hereafter be ordered, or (2) as a substitute for or in lieu of increasing maximum prices already or hereafter established, or (3) to maintain any maximum price already or hereafter established, from any funds heretofore or hereafter appropriated to, borrowed under congressional authorization by, or in the custody or control of any governmental agency, including any Government-owned or controlled corporation, unless the Congress shall have specifically authorized the use of such funds for such purpose, except that the foregoing prohibition shall not apply until the end of the current crop season to any such commodity, other than milk and livestock and the products thereof, with respect to which the Government or any agency thereof was committed to the payment of such subsidies or other payments on June 15, 1943, or to Government-owned wheat sold for feeding purposes only if sold at not less than the parity price of corn, or to prevent such adjustments in the price supports and price ceilings on competitive domestic vegetable oils and fats as may be required to bring about or to maintain the necessary relationship in the prices of such products that is required to assure adequate production for the war effort: *Provided*, That nothing contained in this section shall be construed to prevent the payment of all or any part of the purchase price or adjusted purchase price heretofore or hereafter paid or to be paid for such commodities sold to any governmental agency for governmental use. The definition of the term "person" in section 302 (h) of the Emergency Price Control Act of 1942, shall apply to the term "person" as used herein.

Mr. WILLIS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Bilbo	Brooks
Andrews	Bone	Buck
Ball	Brewster	Burton
Bankhead	Bridges	Butler

Byrd	Langer	Scrugham
Capper	Lodge	Shipstead
Caraway	McCarran	Smith
Chandler	McClellan	Stewart
Chavez	McFarland	Taft
Clark, Mo.	McKellar	Thomas, Idaho
Connally	McNary	Thomas, Okla.
Davis	Maloney	Thomas, Utah
Downey	Maybank	Tobey
Eastland	Mead	Truman
Ferguson	Millikin	Tunnell
George	Moore	Tydings
Gerry	Murdoch	Vandenberg
Green	Murray	Van Nuys
Guffey	Nye	Wagner
Gurney	O'Daniel	Wallgren
Hatch	O'Mahoney	Walsh
Hawkes	Overton	Wheeler
Hayden	Pepper	Wherry
Hill	Radcliffe	White
Holman	Reed	Wiley
Johnson, Colo.	Revercomb	Willis
Kilgore	Reynolds	Wilson
La Follette	Robertson	

The PRESIDING OFFICER (Mr. TUNNELL in the chair). Eighty-three Senators have answered to their names. A quorum is present.

The question is on agreeing to the amendment offered by the Senator from Vermont [Mr. AIKEN] in the nature of a substitute for section 5 of the committee amendment.

Mr. AIKEN. Mr. President, I have offered this amendment because the bill as written, with the amendment proposed by the committee, does not seem to meet the needs of the present situation, and seems definitely unsuited to promoting agricultural production.

At the outset I wish to have it understood that I have no opposition to legitimate and necessary subsidies. I am opposed to illegal subsidies, and those which are very obviously proposed or applied for purposes other than increasing production.

My amendment has the endorsement of virtually all the farm organizations of the country. I should like to read two or three such endorsements.

The first is from the National Council of Farmer Cooperatives, dated June 23, 1943.

NATIONAL COUNCIL
OF FARMER COOPERATIVES,
Washington, D. C., June 23, 1943.
Senator GEORGE D. AIKEN,
United States Senate,
Washington, D. C.

DEAR SENATOR AIKEN: It is my understanding that you plan to introduce an amendment to S. 1108, a bill to extend the life of the Commodity Credit Corporation.

The National Council of Farmer Cooperatives has no specific policy pertaining to the Commodity Credit Corporation as such, but its membership has been favorable, generally, to the purpose for which this organization was established. The Council does have official policies covering some of the activities of the Commodity Credit Corporation.

The tendency recently for Commodity Credit Corporation to use a large part of its funds for subsidy payments is, in our opinion, unsound. The Council is opposed to the "use of subsidies in place of fair prices in the market place." Therefore, we wish you to know that the amendment which we understand you will offer to the Commodity Credit Corporation bill has our full support.

The National Council of Farmer Cooperatives, which represents some 4,600 individually incorporated associations of agricultural producers, which, in turn, have approximately 2,300,000 farmer memberships, considers the question of subsidies vital to our national war effort, and urges that the Senate take specific action prohibiting the general use of

subsidies throughout our wartime economy.

With best personal regards,

Sincerely yours,

EZRA T. BENSON,
Executive Secretary.

P. S.—Similar letter has been mailed to Senator GUY M. GILLETTE.

A similar letter has been sent to the Senator from Iowa [Mr. GILLETTE].

The next endorsement is from the National Cooperative Milk Producers' Federation, dated June 24, 1943, and reads as follows:

JUNE 24, 1943.

Hon. GEORGE D. AIKEN,
Hon. GUY M. GILLETTE,
Senate Office Building,
Washington, D. C.

DEAR SENATORS: Representing this federation and on behalf of dairy farmers generally, I am writing to thank both of you for introducing your substitute amendment to section 5 of S. 1108. This amendment, among other things, is designed to free dairy farmers from the onerous subsidies which have been forced upon them in connection with cheese, butter, and fluid milk in certain great milksheds.

We oppose subsidies as a compensation for roll-backs of maximum prices, as a substitute for or in lieu of increasing maximum prices, or as a means of maintaining maximum prices.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. TAFT. They do not appear to object in any way to the subsidy which they have received through the sale of feed wheat at very considerably less than its value. That was a direct subsidy to dairy producers.

Mr. AIKEN. I think there are a good many subsidies proposed—

Mr. TAFT. The Senator has excepted that particular subsidy from his prohibition of subsidies. Apparently dairy producers do not object to being subsidized themselves. What they object to is any subsidy to the consumer.

Mr. AIKEN. Subsidies as an incentive to necessary production are not generally objected to.

The letter continues:

Such devices do not relieve the people of their food costs. They actually increase the food costs by adding the carrying charges to bond issues which some day must be paid if the public credit is to be maintained.

We hope that the Senate will pass your substitute and defeat the amendment offered by Senator TAFT and reported by the committee yesterday. The Taft amendment is unwanted by agriculture and our people resent this effort to fasten on us an unhealthy, undesirable subsidy just because this would be a face-saving action to cover up the mistakes of the New Dealers within the administration.

Sincerely yours,
CHARLES W. HOLMAN,
Secretary, the National Cooperative
Milk Producers' Federation.

I will say also that the American Farm Bureau Federation has expressed its support in full of the amendment which has been offered by the Senator from Iowa [Mr. GILLETTE] and myself. The National Grange is fully behind the amendment. The Livestock Breeders' Association, as well as many others from whom I do not have endorsements in writing, also endorse the amendment.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. CLARK of Missouri. I am sure that the Senator from Vermont and I have the same objectives in mind. However, I must confess that the amendment which the Senator has offered is so complicated that I, myself, cannot understand it. It seems to me, therefore, that it might be very well subject to construction by the O. P. A., such as occurred with reference to section 2 (e) of the original Stabilization Act, which seemed to me to be very clear. I believe that if we are to do something about this situation we ought to do it very definitely and clearly, and prevent a situation which may become involved. I have conferred with several Members of the Senate who very frankly stated that they were unable to understand what the Senator's amendment meant, as I, myself, was unable to understand it. It is an amendment of two pages in one sentence. I frankly do not know exactly what the Senator's amendment means. It seems to me that the Senator could very well improve the mind of the Senate by explaining his amendment, rather than telling us who are in favor of it.

Mr. AIKEN. I have not reached that point as yet. I shall explain it to the best of my ability. I have had the amendment examined by the most capable attorneys with whom I am acquainted, in order to insure that the amendment states what I intended it to mean.

Mr. President, I have in my hand a page from the June 23 issue of the Nebraska Union Farmer. So far as I know, the Farmers Union as a national organization has taken no official position on the subject of roll-backs and subsidies. However, the Nebraska group is very definitely opposing it. In the June 23 issue of the Nebraska Union Farmer there appears an editorial the title of which is "Food Subsidy Fantastic." I do not wish to read the editorial, as it would take some time, and I do not desire to delay the proceedings of the Senate any more than necessary. I ask unanimous consent that the editorial be printed in the RECORD at this point as a part of my remarks.

The PRESIDING OFFICER. Is there objection?

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

Paying part of the national grocery bill out of the Federal Treasury, which is the effect of reducing prices of food products to consumers and making up the difference with subsidies supposedly to go to producers, is about as fantastic a policy as could be imagined.

The ostensible purpose of the subsidy program is to hold down prices of food to consumers. But large numbers of consumers already have buying power, in terms of money tokens, far in excess of the foods available for purchase. This subsidy policy will leave more tokens in their pockets. By the very means used to prevent higher prices to consumers, therefore, will come greater pressure for higher prices.

Price control has been inaugurated by the Government to prevent inflation. Inflation is the result of an excess of money tokens in

relation to the supply of goods available for purchase. Without changing the supply of goods, the subsidy policy leaves more tokens in the pockets of purchasers. This means that the subsidy policy is inflationary and directly opposed to what is being attempted by the fixing of price ceilings.

Even if the subsidy program should not result in greater inflation, it will not in the long run help the people whom it is supposed to help. What the people as a whole save on their grocery bills they will have to pay in increased taxes to replenish the Treasury. Because these taxes are added to prices, and ultimately fall upon consumers, with profit margins added, the very people supposed to be protected by the price reductions and subsidies, the poorer people, will have to pay the major part of the taxes to supply the subsidies.

A more complicated method of attempting to hold down prices to consumers could hardly be devised. As we understand it, the subsidies are to be paid to processors. An army of checkers will be required to determine the payments to be made. The plan is full of opportunities for inequalities and favoritism. It can be used to build some businesses and destroy others. The subsidies are supposed to be reflected to farmers in prices for their products. But can the enforcement make this certain?

Mr. AIKEN. Mr. President, I now come to the amendment itself:

No maximum price shall be established or maintained for any agricultural commodity or commodity processed or manufactured in whole or substantial part from any agricultural commodity, including milk and its products and livestock, under authority of the Emergency Price Control Act of 1942 as amended by Public Law No. 729, approved October 2, 1942, below a price which will reflect to the producers thereof in the market place, the higher of, the maximum prices provided in section 3 of Public Law No. 729, approved October 2, 1942, or the support price therefor as heretofore or hereafter announced by the Secretary of Agriculture or the War Food Administrator and which maximum price shall conform in all other respects to the provisions of section 3 of such act, as amended.

Mr. President, in the act of October 2, 1942, to amend the Emergency Price Control Act of 1942, section 3 provides two standards with respect to the establishment of maximum price ceilings on agricultural commodities and commodities processed in whole or in substantial part from agricultural commodities. The language of the proposed amendment which I have just read adds a third standard—namely, the support price announced for any such commodity by the Secretary of Agriculture or the War Food Administrator. Hereafter, under this language, a price ceiling on such commodities could not be established below the higher of the support price or the price standards specified in section 3 of the act of October 2, 1942. The objective of this language is to discourage a roll-back in an established price ceiling, and then subsidizing the amount of the roll-back in the case of a commodity upon which a support price is announced.

Both butter and meat are apt examples. A support price of 46 cents a pound for 92-score Chicago base butter was announced in November 1942. A support price for hogs of \$13.75 likewise was announced on April 10, 1943. Under the roll-back program both these sup-

port prices are above the present price ceilings, and the Government is either subsidizing or intending to subsidize the difference.

Speaking plainly, the purpose of adding the third standard is to prevent the Department of Agriculture from promising the farmers a certain price, and then the O. P. A. cutting that price out from under when the produce is ready to be sold.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. TAFT. Frankly, I do not understand the statement of the Senator at all. I cannot see what the roll-back has to do with the support price. The support price is a price which the Government announces it will pay for a certain product.

Mr. AIKEN. That is correct.

Mr. TAFT. The Government then comes along and rolls back the retail price, and pays the processor a subsidy, so it makes good on the support price. The farmer receives the support price. Everyone receives the support price. I cannot see what it has to do with the question of roll-back.

Mr. AIKEN. The Senator from Ohio is wrong about that. The Agricultural Department announces a support price or guaranty which the farmers shall receive for butter, eggs, chickens, or whatever the article happens to be. The announcement is made, and the farmer goes ahead and borrows money and spends it in producing a larger crop. Then, when the crop is ready for market, the O. P. A. comes in, being a member of the same branch of the Government, and says, "We will put the ceiling of a certain percentage," 10 percent, let us say, below what the Department of Agriculture had promised the farmers in the beginning. In effect, that means the Government does not keep its promise to the farmers, and this amendment is designed to put an end to that kind of procedure.

Mr. TAFT. I have heard of no such case. I do not think any such case exists. I challenge the Senator to cite any such case, and I challenge him to produce any case where the support price has been announced in which the farmer has not received the support price, or the Government has not maintained the promise which it has made. If it is necessary to say that the United States Government shall keep its promise, I shall be glad to do so, but I, at least, have had no complaint from any agricultural producer in my State that a promise of that kind has not been kept—and I have received complaints about everything in the world, with most of which I agree. Frankly, if what the Senator has said were true, I cannot see how the first sentence of the Senator's amendment could have the slightest effect on the situation.

Mr. AIKEN. Before I conclude my explanation, I hope the Senator from Ohio will realize that the Department of Agriculture has promised farmers a certain price, and then the O. P. A. has cut that price out from under them.

However, I want to proceed to the next part of the amendment, which reads:

Nor shall any subsidy or other payments, other than those which have accrued prior to the effective date hereof, be made either directly or indirectly by the Government or any agency thereof, including any Government-owned or controlled corporation, to a producer, processor, manufacturer, or any other person engaged in the production, marketing, distribution, or handling of any such commodity either (1) for any reduction or roll-back of maximum prices so established as may have been or may hereafter be ordered, or (2) as a substitute for or in lieu of increasing maximum prices already or hereafter established, or (3) to maintain any maximum price already or hereafter established, from any funds heretofore or hereafter appropriated to, borrowed under congressional authorization by, or in the custody or control of any governmental agency, including any Government-owned or controlled corporation, unless the Congress shall have specifically authorized the use of such funds for such purpose.

Mr. TOBEY. Mr. President, will the Senator yield for a question?

Mr. AIKEN. I should prefer, Mr. President, to finish my explanation, during the course of which, perhaps, I shall have answered some of the questions which some of my colleagues might ask if I yielded as I go along.

The purpose of the provision I read before the interruption is to prohibit the payment of subsidies or similar payments, whatever they might be called, on agricultural commodities or commodities processed therefrom.

The language permitting the payment of such subsidies which have accrued is simply to protect producers against loss due to a roll-back. In other words, the 5 cents a pound subsidy on butter which went into effect June 1, 1943, can, under this language, be paid to the effective date of this amendment, but thereafter such subsidy payments are prohibited. This, Mr. President, I would consider to be really the payment of damages which the Government has already inflicted upon butter producers and meat producers.

Cogent examples of subsidy manipulations prohibited by this amendment are the existing Cheddar cheese and butter subsidies. On the former a subsidy in the amount of $3\frac{3}{4}$ cents per pound is being paid. O. P. A. established a maximum ceiling price of $23\frac{3}{4}$ cents per pound, Plymouth, Wis., base, and instead of increasing this ceiling, the following arrangement was evolved: The Government through the Commodity Credit Corporation contracts with the cheese factory to buy the cheese at the price of 27 cents a pound and then turns around and sells it back to the cheese factory at $23\frac{3}{4}$ cents a pound, which is the ceiling. It thus underwrites the production of cheese with a $3\frac{3}{4}$ cents' subsidy payment which it pays to the cheese factory, and the factory in turn pays to the producer of milk. This is commonly referred to as the purchase-and-resale-at-a-loss type of subsidy.

At this point, Mr. President, I should like to call the attention of the Senate to the fact that the production of cheese has dropped 23 percent since this subsidy was put into effect. That is the testi-

mony which has been given to us by the representatives of the Department of Agriculture. The subsidy did not increase the production of cheese, but decreased it by 23 percent.

Now, as to butter. Using 92-score Chicago as the illustration, O. P. A. recently rolled back the maximum price ceiling from 46 cents to 41 cents a pound—46 cents, incidentally, was the support price announced by the Secretary of Agriculture in 1942—and then arranged with the R. F. C. through its subsidiary, the Defense Supplies Corporation, to pay the creamery a 5-cent-a-pound subsidy ostensibly to be turned over to the producer of butterfat in order that his price return might remain the same and the producers' position thus be status quo ante the roll-back.

Both types of subsidy would be included in the prohibitions of the proposed amendment.

The only escape clause contained in the proposal is that which requires a Government agency, if it is disposed to inaugurate a subsidy program, to request the Congress for authority and funds to carry out such a program. Appropriate language appears near the conclusion to that end.

The next part of the proposed amendment reads:

Except that the foregoing prohibition shall not apply until the end of the current crop season to any such commodity, other than milk and livestock and the products thereof, with respect to which the Government or any agency thereof was committed to the payment of such subsidies or other payments on June 15, 1943, or to Government-owned wheat sold for feeding purposes only if sold at not less than the parity price of corn, or to prevent such adjustments in the price supports and price ceilings on competitive domestic vegetable oils and fats as may be required to bring about or to maintain the necessary relationship in the prices of such products that is required to assure adequate production for the war effort: *Provided*, That nothing contained in this section shall be construed to prevent the payment of all or any part of the purchase price or adjusted purchase price heretofore or hereafter paid or to be paid for such commodities sold to any governmental agency for governmental use. The definition of the term "person" in section 302 (h) of the Emergency Price Control Act of 1942 shall apply to the term "person" as used herein.

The foregoing language makes provision (1) excepting from the prohibition, commodities which presently are subject to a form of subsidy program, but only for the duration of the present crop season. In other words, the proposed amendment would permit the Government to keep its agreements made with the farmers who were offered special inducements to produce more flax, sugar, hemp, peanut oil, soybeans, and several other crops of which we simply had to have a tremendous increase and in the growing of which the farmer would incur unusual costs or unusual hazards. The amendment which I am proposing would not prevent the Government carrying out those agreements; in fact, those agreements are specifically authorized by law because they are subsidies which are offered for the purpose of increasing production.

A further exception from the prohibition of a more permanent character is the present subsidy program on domestic vegetable oils and fats. Everyone knows we must offer incentives to get oils and fats produced in this country to take the place of the 2,250,000,000 pounds which we formerly imported from the East Indies and other quarters of the world. Neither of these exceptions applies to subsidy programs on milk and livestock and the products thereof, which have recently been announced over the protest of all agricultural America. In other words, while subsidy payments which have accrued with respect to milk and livestock products must be paid until the effective date of the amendment, thereafter the subsidy programs on these products terminate. This does not apply to fresh vegetables, vegetables for canning—corn, tomatoes, peas, beans, potatoes, and sugar. Existing subsidy programs continue through the current crop season.

I say again that this amendment does not interfere in any way with legitimate subsidies which have been offered by the Government in the form of incentive payments or to support prices or otherwise which were very definitely authorized by the Congress but the amendment does terminate the very questionable, and I hold, illegal, subsidies offered on butter and livestock and the products thereof.

Then, toward the end of the proposed amendment this proviso is found:

Provided, That nothing contained in this section shall be construed to prevent the payment of all or any part of the purchase price or adjusted purchase price heretofore or hereafter paid or to be paid for such commodities sold to any governmental agency for governmental use.

This merely means that where the purchase price in a contract with a Government agency is the subject matter of litigation or negotiation, and it is finally determined what the purchase price shall be, the proposed amendment shall not be construed to prohibit the payment of that finally determined purchase price. For example, under O. P. A. Procedural Regulation No. 6, cases are pending before the Emergency Court of Appeals with respect to the purchase prices of certain products. The court, on final decision, may award an adjusted purchase price, in which event, the proposal should not be subject to a possible construction that such adjusted purchase price cannot be paid.

The proviso means nothing more than the foregoing, and should in no event be construed as authorizing a purchase and resale at a loss transaction, or any other character of subsidy, for it in no sense comprehends such payment.

This final clause was inserted at the request of small meat packers, who felt that they had been obliged to supply the Government with meat at less than cost. In fact, they produced figures which showed quite conclusively that in some instances they had been obliged to furnish the Government meat at less than cost, and they are hoping to have that price adjusted. I doubt if the last clause

is necessary in the bill, but I realize also that whatever is passed in the Senate will undoubtedly go to conference, and if it turns out to be unnecessary, will be deleted in conference.

Mr. President, I was interested in what the Senator from Georgia [Mr. GEORGE] stated about an hour ago to the effect that this is the most important matter on which the Senate has been called to vote this year, if not the most important matter on which it has ever been called upon to vote. The executive department of our Government is attempting to force upon the Nation a program leading inevitably to disaster. The roll-back and subsidy program is not even an experiment. It is based upon false premises, and its evil effects are a foregone conclusion.

Its promoters claim that it will help the poor. That is camouflage—the facts do not substantiate the claim. Its promoters claim the program will not harm the farmer. The farmer knows this claim to be utterly false, and he will not be fooled by it, and is not fooled by it as is evidenced by the communications which I think every Member of the Senate is receiving from the farmers back home.

Mr. President, a few minutes ago the Senator from Ohio asked for an instance wherein the Government had promised one price through one agency, and had then, through another agency, cut the price out from under those to whom it had made the promise. I desire to call his attention to the following.

On November 20, 1942, Secretary Wickard stated:

By agreement with Office of Price Administration prices will be supported at not less than 46 cents per pound for 92 score butter, Chicago base.

The Secretary of Agriculture further promised that this price for butter would be maintained through June 30, 1943. It should be expected that when an official, a Cabinet officer of the greatest nation on earth, clothed with authority to make a promise of this nature, does so, the promise would be kept.

Last month the Administration announced that the price of butter was to be reduced 5 cents a pound. This announcement came only 6 months after it had given a guaranty of price to all farmers of America. The executive branch further announced that a subsidy of 5 cents a pound would be paid to processors to offset the reduction in price.

On May 22 the Office of War Information, through its weasel-wording expert, issued a statement which purported to quote the guaranty of November 30, but which inserted the term "equivalent," so that it read "equivalent to 46 cents," in place of simply "46 cents." The Secretary of Agriculture made no promise to pay the farmers of the United States the equivalent of 46 cents for butter. He promised to pay them simply 46 cents.

Now let us see if all the farmers of America would get the subsidy, even assuming that the corrupted wording of the Office of War Information could be accepted, and the subsidy included as a part of the price.

It was announced that this subsidy would be paid to processors manufacturing 1,000 pounds or more of butter a month. No provision was made, and no provision has as yet been made, to pay such subsidy to the small farmers of the United States, who sell butter to the local stores or direct to the consumers, and I know how much the 2 or 3 pounds of butter a week the farmer's wife sells to one of her neighbors means to her. Secretary Wickard's promise of last November was not made to farmers or processors who processed 1,000 pounds of butter a month or more; it was made to all the farmers of the United States.

Administration spokesmen have also promised that the price of livestock to the farmers would not be reduced because of any roll-back in market prices. They promised them a subsidy to make up any loss. Yet they propose to pay the subsidy only to those who process 4,000 pounds or more of meat a month.

The Senator from Connecticut [Mr. MALONEY] yesterday was concerned as to whether the bill might result in a reduced production of food, although I take it that he intended to support the committee bill. If he were present I should like to say to him that the bill probably will do harm to a larger percentage of farmers of Connecticut than of almost any other State in the Union, because a larger percentage of the farmers of Connecticut sell direct to the consumer, and they do not make a thousand pounds of butter a month, or dress 4,000 pounds of meat a month.

Again, through this action of two agencies of the executive branch of our Government, the small farmer who sells small quantities of meat to his neighbors or local market men is penalized for the crime of being small. Granting that some American farmers who broke even or made a profit last year would receive a subsidy which would offset the reduction in price, the fact remains that the low-income group of American farmers will feel the crushing and devastating weight of Government domination.

Who will benefit from the subsidy program insisted upon by the executive branch? The loud cries of the pseudo champions of the underprivileged would indicate that the poor would benefit. What are the facts as to this contention?

The Office of Price Administration has directed that the retail price of the best porterhouse steaks be reduced from 66 cents to 55 cents, or 11 cents a pound. Short ribs are reduced from 25 cents to 22, or 3 cents a pound. Choice T-bone steak is reduced 11 cents a pound. Soup bones are reduced nothing at all. Choice lamb chops are reduced 5 cents a pound. Mutton shanks are reduced 1 cent a pound.

The reduction in price per pound to the high-income consumer averages at least three times the reduction to the low-income consumer. If the executive branch really wants to help the underprivileged—and its statisticians tell us that there is a larger percentage of the underprivileged, low-income group living on farms than any other class of Americans—if the executive branch really

means that it wants to help the underprivileged, as it has been preaching in the last 10 years, it will make foodstuffs available at still lower prices to the poor people, and let the millionaire pay full prices for food he buys. I venture to say that if the roll-back and subsidy program on meats, and butter, and coffee, is permitted to continue, 90 percent of its benefits will be derived by those who are amply able to pay full prices, and most of the loss will fall upon the farmers who are least able to bear it. The effect of the White House plan will be to make the rich richer and the poor poorer.

Mr. BYRD. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. BYRD. Do I correctly understand that the Senator's amendment would cancel the so-called roll-back subsidies which are now being paid?

Mr. AIKEN. That is the intention.

Mr. BYRD. On what date would they be canceled?

Mr. AIKEN. Just so soon as the bill becomes law.

Mr. BYRD. To what does the language beginning at the end of line 9 on page 2 of the Senator's amendment refer?—nor shall any subsidy or other payments, other than those which have accrued prior to the effective date hereof.

Mr. AIKEN. That means that subsidies which have been authorized by Congress may continue in effect. So far as I know, the only illegal subsidies authorized by the executive branch are in the present roll-back program on meats and butter and, I suppose, coffee.

Mr. BYRD. The administration contends that the subsidy is legal, not illegal. I was wondering if the Senator's amendment was specific enough to cancel the roll-back subsidies which are now being paid.

Mr. AIKEN. I think it is. As I previously said, I have had the language gone over by competent attorneys.

Mr. BYRD. Will the Senator point out exactly the language which would accomplish that purpose?

Mr. AIKEN. The language begins in line 9, on page 2, and is as follows:

Nor shall any subsidy or other payments, other than those which have accrued prior to the effective date hereof, be made either directly or indirectly by the Government or any agency thereof, including any Government-owned or controlled corporation, to a producer, processor, manufacturer, or any other person engaged in the production, marketing, distribution, or handling of any such commodity either (1) for any reduction or roll-back of maximum prices so established as may have been or may hereafter be ordered—

I think that language covers the point the Senator has in mind; it certainly is intended to cover the present roll-back.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. AIKEN. I am almost through with what I wish to say, and then I shall be glad to yield for a question.

Mr. SHIPSTEAD. I simply wish to ask the Senator if in his amendment provision is made for something which has already happened. When the roll-back was announced, the price of hogs and cattle immediately dropped. The

packers did not pay the so-called prevailing or ceiling prices, as was promised. Butter also went down—was it 5 or 6 cents a pound?

Mr. AIKEN. Five cents a pound.

Mr. SHIPSTEAD. Five cents. The subsidy should go to the man who produces butter or hogs or cattle. Does the Senator think his amendment makes provision for the subsidy money reaching back to the original producer? The bill seems to be based on the theory that the packer is a producer. He is a processor, not a producer. Commitments have been made with respect to subsidy. Subsidy payments should go to those who have sustained the loss. How can the producer recover the loss he sustained as a result of the reduced price which came about by reason of the roll-back?

Mr. AIKEN. I think the original producer should receive the full amount of loss sustained by him. If my amendment shall be enacted into law, it will at least prevent the producer taking any loss in the future.

Mr. SHIPSTEAD. When the announcement of the roll-back was made, the processor cut his prices accordingly, so evidently he has sustained no loss by reason of the roll-back. It may be that other transactions have occurred with the Government whereby the packer has sustained some loss. But I do not see how the packer sustained any loss by reason of the roll-back, because when the roll-back was announced he immediately reduced the price he paid on cattle and hogs which were shipped to him. If the farm producers who have sustained loss are not to receive any subsidies, then what is the purpose of the bill?

Mr. AIKEN. There is provision in my amendment for paying the damages which the Government has inflicted upon the farmers up to date through the butter and meat roll-back and subsidy program. However, I do not know that I could guarantee that the farmers would receive every cent of that loss. I think it cannot be gainsaid that they have lost millions of dollars up to now, and if they receive anything through this provision in my amendment so much the better. I do not know that the payment would get back to them.

Mr. SHIPSTEAD. I have letters from creameries and farmers in which they state that when the roll-back was announced and put into effect they sold butter at a loss of 5 or 6 cents a pound. I am told that if at that time they had made out certificates setting forth that they had sold their butter at a loss, they could recover; but they must have filed a certificate at that time for a claim in order to recover loss.

Mr. AIKEN. I understand that is true.

Mr. SHIPSTEAD. If the farmers did not know that they should make such certificates, and if they did not make them, they have no recourse in obtaining any redress. Was a certificate of that kind also provided for on the part of those who sold hogs and cattle? I did not hear anything about that.

Mr. AIKEN. I have not seen the regulations in regard to cattle. I have the regulation with regard to butter produc-

tion payments, Regulation No. 2 of the Defense Supplies Corporation. I must admit that I have not read it all. I know a provision is contained in it that if any processor fails to comply in any way with any Government regulations which may be promulgated by any clerk in any of the Government agencies he shall receive no subsidy money to turn back to the producers who supply him. That is a wholly unfair regulation.

Mr. SHIPSTEAD. If the Senator will bear with me for a moment I will say that the bill is not one to pay for damages to the farmer, the producer. Unless some method has already been provided to see that this money will go to the original producer, and not to the processor, who evidently has sustained no loss, what is the use of the bill?

Mr. AIKEN. My amendment authorizes the payment of damages to the producers for the reduction in prices paid to them.

Mr. SHIPSTEAD. Yes; if the producer can show how much he had sold, and at what price he sold it, and how much he has lost.

Mr. AIKEN. I presume that regulations or rules will have to be worked out by the departments. I do not know of any way to make them follow the intent of Congress. We are trying as best we can under my amendment to make them do it. I know the producers are not going to get anything for the loss they have recently sustained if my amendment is not adopted, and they do stand some chance of getting some recompense if the amendment is adopted.

Mr. REVERCOMB. Mr. President, will the Senator yield for an inquiry?

Mr. AIKEN. Yes.

Mr. REVERCOMB. I do not want to interrupt the very able Senator's interesting discussion, but I hope before he takes his seat he will point out specifically the differences between the amendment offered by him and the amendment offered by the Senator from Missouri [Mr. CLARK]. I think it would be very enlightening and very helpful, I know it would be to me, to have pointed out distinctly and specifically the differences in effect between the two amendments.

Mr. AIKEN. I shall be very glad to do that if I can have a little time to read the amendment offered by the Senator from Missouri. The first time I saw his amendment was when I came into the Senate Chamber at 11 o'clock this morning. I must be frank and say that I have not had time to study the amendment offered by the Senator from Missouri.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. CLARK of Missouri. Let me say that on Monday I introduced the measure as a separate bill. I had previously given notice in the newspapers that I would introduce it.

If the Senator will permit me to say a word further, the difference between the Senator's amendment and my amendment is this: I have read the Senator's amendment and my amendment several times, and I still do not know what the Senator's amendment means.

My amendment proceeds on the very old-fashioned, obsolete idea that a straight line is the shortest distance between two points. My amendment simply would repeal the authority under which the O. P. A. and the R. F. C. are claiming to operate in granting subsidies. I do not think that section 2 (e) of the Price Control Act gives them any such authority; but they are claiming that section as their authority. They are proceeding on that theory.

The committee amendment proceeds on the theory that because the Office of Price Administration and the Reconstruction Finance Corporation have proceeded illegally, Congress is now under some sort of moral obligation to express approbation of the action of the O. P. A. and the R. F. C. to make it legal and to establish it as a principle.

My amendment proceeds on the principle of recognizing the rights of people who in good faith have dealt with the Government in the proceedings had up to date, but of repealing the authority under which the O. P. A. and the R. F. C. claim to operate—a proceeding very closely analogous to cutting off the dog's tail right behind the ears. [Laughter.]

Mr. AIKEN. Mr. President, I want it thoroughly understood that I am not including the provision for any purpose of legalizing the actions of the O. P. A. and the other executive agencies of government, but for the purpose of recompensing the farmers for the damages inflicted upon them by the acts of the executive agencies.

Mr. O'DANIEL. Mr. President, will the Senator yield for a question?

Mr. AIKEN. I yield.

Mr. O'DANIEL. The Senator has referred to his amendment as it relates to legal subsidies and illegal subsidies. Would the Senator be willing to modify his amendment by inserting, on page 2, in line 11, after the word "have" the word "legally"? The language would then read:

Other than those which have legally accrued prior to the effective date hereof.

I simply offer that suggestion as a possible means of clarifying the Senator's amendment and making it more easily understood.

Mr. AIKEN. Mr. President, at this time I should not want to give the Senator from Texas an answer to his suggestion. I should like to use the few minutes I have remaining in order to conclude what I had prepared to say. Then I shall be perfectly willing to discuss the matter with the Senator from Texas.

As I said when I was diverted in order to answer questions by Senators, the effect of the White House plan will be to make the poor poorer and the rich richer. If carried to its ultimate conclusion, half the farmers of America will be so reduced in circumstances that they will be forced to call on Government agencies for help. Theoretically, that would make them easier to control. If the subsidy program goes through, the upper half of the farmers will be required to market their products through large processing concerns. Theoretically, they, too, would be easier to control.

These acts of our Government tend to create monopolies. Theoretically, a few monopolies could easily be taken over and controlled. Only the willfully blind can fail to see the tendency toward centralized control of the resources of America. If such a development comes to pass free institutions will disappear. We must not let that happen. According to statements appearing in the press, it seems that the President has announced his intention of forcing through the roll-back and subsidy program, regardless of the intent and determination of Congress. That makes the question now before the Senate not one of roll-back and subsidy, but one of maintaining our form of government. If the Congress permits any agency of government, no matter how high, to defy its acts and intentions the Congress will have failed to serve those who have elected its Members from their respective States.

Mr. President, today we are fighting here for the life of our Government, just as much as the men of our Air Corps are fighting over Europe or the men in the fox holes in the South Seas are fighting against the Japanese. If we are to take our place in history as true servants of the American people we will fight for our people now—not at some time in the future, not next year, not next month, not even next week, but today.

If we do not do that we might as well permanently adjourn the Congress, for then we would see a collapse of agriculture and hunger stalking through our cities. There would be a collapse of labor and industry as well. We should see an increase of strikes and rioting, chaotic conditions, and martial law. We can prevent those evils from coming to pass if we will. If the Congress is ever going to have courage, the time to have it is now.

Mr. McCLELLAN. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. McCLELLAN. I do not quite understand the provision beginning on page 3, line 1:

Except that the foregoing prohibition shall not apply until the end of the current crop season to any such commodity—

And so forth. What is the purpose of that provision? Is the purpose to continue the program a whole year before it is stopped?

Mr. AIKEN. No; that provision means that the incentive payments for crops such as sugarbeets, flax, peanuts, hemp, and soybeans—those are the crops which readily come to my mind—which were promised last spring, under authorization of the Congress, will be made—that those agreements will be kept—but that for the next year the Department will have to come to Congress for authorization and appropriation of funds for the new program.

Mr. McCLELLAN. That provision undertakes to deal with subsidies other than those which we are now considering in the pending bill, as I understand, does it not?

Mr. AIKEN. That is done in order that there will be no misunderstanding.

Mr. McCLELLAN. The proposal is to permit a continuance of the subsidies

that may now be used, or are now being used, to increase production; is that correct?

Mr. AIKEN. Yes; those which heretofore have been authorized by the Congress.

Mr. McCLELLAN. I did not understand all the Senator said regarding his amendment to the bill. What does he propose to do with respect to the presently proposed roll-back and subsidy program? Would the effect of the Senator's amendment be to stop completely the program immediately at the time when the bill is enacted?

Mr. AIKEN. To stop the general roll-back and subsidy program on which the executive department has announced it was embarking, and which has already been applied to butter and meats, but to pay for the damage which has already been caused to our farmers through the inauguration of the program.

Mr. McCLELLAN. What machinery does the Senator's amendment propose to set up for paying that damage? How is that matter to be handled?

Mr. AIKEN. The same machinery that we now have.

Mr. McCLELLAN. In other words, the damages would be paid for in the same way that the roll-back is paid; is that correct?

Mr. AIKEN. Yes. As I have said, there is a question in my mind whether the farmers will receive all of it. I think they will receive some of it.

Mr. McCLELLAN. The reason I am interested in the Senator's amendment is that I do not want to cast my vote in favor of an amendment if it will mean that I have placed my sanction on or given my approval to a roll-back subsidy program.

Mr. AIKEN. I do not think the amendment would do that.

Mr. McCLELLAN. I do not think the philosophy of such a procedure is sound. I say to the Senator and to all other Members of the Senate that I believe that if we pass a bill authorizing and sanctioning the roll-back and subsidy program, we shall be starting a \$25,000,000,000 mistake which we shall have to charge to future generations. We can never justify such a program. It is unwarranted; and once we start on it with the sanction and approval of Congress, there is no end to where it may go. It seems to me we are simply proposing to employ this means to cover up mistakes made in the present control program, and in doing so we shall be making a colossal blunder that will ultimately increase the national debt another \$25,000,000,000, and possibly more, before we can stop it.

Mr. AIKEN. The amendment offered by the Senator from Iowa and myself does not give sanction to any roll-back subsidy program. In fact, it prohibits it. That is the purpose of the amendment.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. TAFT. It would immediately result in an increase of 5 cents in the price of butter and an increase in the price of meat, would it not?

Mr. AIKEN. It would result in restoring the prices which existed 2 or 3 weeks ago.

Mr. TAFT. However, so far as the actual result is concerned, when this bill is passed—which may be a week or two from now—the result will be an increase in the price of butter to every consumer in the United States.

Mr. AIKEN. Yes.

Mr. TAFT. And an increase in the price of meat to every consumer in the United States. I do not say that that should not be done, but I think it should be recognized that that would be the effect of the Senator's amendment.

Mr. AIKEN. If every consumer in the United States should buy all the butter he is permitted to buy under the rationing regulations, it would cost him 65 cents a year more to live. However, there is every indication that he will not be permitted much longer to buy 13 pounds of butter a year. Butter will become too scarce. If the subsidy and roll-back program goes into effect, it will cut out a good share of the 100,000,000 pounds of butter a year which is sold direct from the little farmer to the consumer, and we shall have a more serious reduction in the production of butter than we otherwise would have.

Mr. TAFT. I recognize the force of the Senator's argument that we should increase the price of butter and meat. I merely wished to bring out the fact that that is what his amendment would do. It would increase the price of butter and meat to every consumer in the United States. If we are prepared to take the responsibility for doing that, we ought to take it; but we ought to recognize what we are doing.

Mr. AIKEN. Of course, I recognize that; and I also recognize the fact that half the people of the United States hardly taste butter from one end of the year to the other. Those people are not going to be affected, whether the price of butter goes up or down.

Mr. McCLELLAN. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. McCLELLAN. While the price of butter may be increased 5 cents a pound, and the prices of meat and other things may be increased in proportion, and while the cost may be brought back to what it was before it was rolled back, the result will also be a further curtailment of production. What America needs today is production. We have the price. There is more purchasing power than ever before in the country. We are trying to find ways to raise taxes in order to get some of that money away from the people. We are squabbling about not having money enough to buy food, and talking about Government subsidies. We are going in the wrong direction with the proposed legislation if we intend to secure increased production, which is what America needs. We will not help the present food situation by this method. Instead we will destroy incentive and thus reduce production of agricultural commodities to a lower level and produce a greater scarcity of food.

Mr. SMITH. Mr. President, I made a vow to myself that I would not make a

speech during the present session of Congress. I do not intend to make one now.

Every Senator knows exactly what the roll-back means. All this talk is useless. Every Senator knows what the subsidy means, and who will be benefited by it. Every Senator knows who will ultimately pay it. The taxpayer will ultimately pay it.

All this confusion is merely a method of getting by with what certain persons intend to do. We do not seem to have sense enough to judge what is being done.

As for me, I think the amendment of the Senator from Missouri [Mr. CLARK], which cuts the dog's tail off just behind his ears, is about the best one I have seen. If we do not believe in rolling back prices, let us stop the roll-back. On whom would prices be rolled back? There is not a Senator who does not know on whom the roll-back would fall and who would be the beneficiaries.

The Senator from Kansas [Mr. REED] has given us certain figures. I presume they are approximately correct. Wages have increased approximately 110 or 115 percent, while the cost of living has gone up only about 24 percent.

Is it statesmanship or common sense to say to those who are receiving high wages, "you cannot pay 46 cents a pound for butter. We will roll back the price on the farmer and give it to you for 41 cents, and the Government will pay the difference of 5 cents?"

It is no use for us to spend all this time and energy. Every Senator knows what the roll-back means, and on whom it will be rolled back. Every Senator knows whom the subsidy will reach. Every Senator knows who ultimately will pay the millions of dollars which subsidies will cost. It seems to me that it is up to us to decide whether or not we are to enter upon a program of subsidy payments.

There is not a Senator who does not know that once we grant subsidies to one man, or one class of producers, we must grant them to others. Eventually we shall be subsidizing barbers, chicken raisers, and every one but Senators. Of course, Senators are plutocrats. [Laughter.]

Mr. President, I have sat here and listened to the devious arguments to "carry my point and, if possible, obtain votes for myself on election day." That is the purpose of much of the argument which we have heard. "Whom can I persuade to vote for me? The American people can go hang so long as I can find some man who will say, 'He was smart enough to do something for me.'"

Not long ago we had the beautiful spectacle of 78 Senators voting for the passage of a bill. Then the whip was cracked, the veto came, and, figuratively speaking, every one of the 78 Senators got under his desk. Not I! Oh no. That was a beautiful spectacle which the Senate of the United States provided for the American people. We marched up the hill 78 strong, and dashed down the hill 100 percent scared to death. [Laughter.] That was the situation.

Mr. President, I do not wish to preach to the Senate. God knows, I need some

preaching—to myself; but this issue is plain. What does the term "roll-back" mean? When we propose to pay a subsidy, to whom do we propose to pay it? We propose to roll back and crush the fellow who cannot get out of the way; but we say to the man who has been selling butter for 46 cents, "You can sell it for 41 cents, and we will give you 5 cents." Does anyone expect that man to reach down into his pocket to pay any part of the subsidy to the producers of milk and cream? When that happens, hawks will stop catching chickens, and foxes will quit catching rabbits.

We do not act as though we had sense enough to buy a ticket to Washington. I know we have not money enough. Merciful God! Have we reached the point where we must consume days discussing a matter which everybody thoroughly understands, and with respect to which every Senator knows exactly how he will vote? There has not been a speech which has changed one-tenth of 1 percent of a vote.

We know what the roll-back means. We know what the subsidy means; and we know that whatever it costs, the cost will be rolled back on the taxpayer. There is no burden on the taxpayer now [laughter]—only a matter of \$150,000,000,000. That is chicken feed. I understand that a bill providing additional appropriations of \$70,000,000,000 is on the way.

I believe that it is our duty to make up our minds whether or not we are going to roll back prices on those who cannot help themselves, and add to the already swollen returns of those who, according to the figures which have been exhibited to us, have enjoyed increases in income 76 percent greater than in the case of the man who produces the food.

Mr. President, I hold no brief for the farmer; but if I felt toward the farmer as do some whose speeches I have heard, I would stay out of restaurants. I would eat what I myself produce. I would not eat the produce of the despised devils, the greedy farmers, who have been characterized as millionaires.

Mr. President, let us decide this question as it should be decided. Every Senator who votes for subsidies under the pending Bankhead bill—the \$500,000,000 and the \$175,000,000—will vote to crucify the man who cannot help himself. If a man forges my name upon a note I do not feel that I should say, "He forged it; but I will pay it." Every one of the subsidies under section 2 (e) of the Price Control Act is a forgery pure and simple; and we are called upon to legislate to vindicate the forger.

We are told, "The law has already been construed." Yes, it has been construed. We are now asked to ratify that construction. I will not vote for it; and no Senator who sees the situation as I see it—I started to say no Senator who sees it from the standpoint of common sense—will vote for it. We are asked to say, "Under the circumstances we will appropriate \$675,000,000 to make good forged notes."

Mr. President, I want a yea-and-nay vote on this bill. I want every Senator to

be put on record as to whether or not he will vote to pile the cost of this proposal upon the backs of the taxpayer.

Mr. CLARK of Missouri. Six hundred million dollars is a small matter.

Mr. SMITH. Yes; \$600,000,000 is not much.

Mr. CLARK of Missouri. It is only about half a billion dollars.

Mr. SMITH. We cannot talk except in terms of billions. We have gone away beyond millions. [Laughter.]

Mr. President, as I have sat here I have become so outraged that I have nearly lost confidence in my fellow Senators. There is no use in going into the question of whether the roll-back is tweedledee or tweedledum. Senators know what it is. The right word was selected—"roll-back." Where are we rolling it back? On whom are we rolling it back? It is said that we will pay out subsidies; we will cut off the farmer's pay, but we will make it good to the darlings who are organized, and that when election day arrives they will cast their votes for us.

Mr. President, I think some of us are very much confused in our mental processes. From some of the speeches I have heard, I have thought that if the speaker should have a real bright idea he would die of apoplexy. We are being asked to do nothing but take the advice of someone else. Some men have come to us and talked about what they were going to do. After conferring with others they have said, "I have changed my mind" when they had no mind to change.

Mr. President, I have sat here and examined certain amendments. There are loopholes in some of them large enough to drive an elephant through. I think the Senator from Missouri [Mr. CLARK] has stated the situation correctly. If we do not believe in subsidies, let us stop them. I am told, "You will get some subsidies for your farm." God knows, I am about to lose it. I shall have to borrow money to pay my taxes. Many men who are advocating subsidies belong to the class of window-sill farmers.

Mr. CLARK of Missouri. What kind of farmers?

Mr. SMITH. Window-sill farmers. They have boxes on their windows in their city homes. I do not blame them. I try to take care of my people who do not work in the fields. I think it would be of great benefit to the country at large if every Senator could be forced to perform 12 months' work in producing an average crop, and then live for the next year on what he could make. There would be a different attitude in the Senate.

I do not care to discuss the proposals in the bill, or any of the amendments. All I wish to do is to vote for something which will end subsidies right now. If a house were on fire I would not ask, "What sort of an engine are you going to get?" I would throw a bucket of water on the fire as soon as I could.

It is up to us, as sensible men representing a great constituency, to say that this horrible iniquity shall not be placed upon the people. The people are trusting us. We have degenerated. Congress is now nothing but an appropri-

tions committee. We sit down and listen to our master's voice. The first thing we know, there will be no money left in the country. I think that is what some are driving at. During the reconstruction days in the South we were fighting against 40 acres and a mule. We are almost in that situation now.

Mr. President, I hope that we can reach a vote on this bill, and have the subject disposed of. Senators who want the roll-back can vote for it. Those who want the subsidy can vote for the roll-back and the subsidy, with a clear understanding of just what the roll-back means, and what the subsidy means. I do not wish to discuss refinements with regard to agreements which have already been negotiated, or paying the note to which our names are forged and saying, "Please don't do it again."

My friend the Senator from Vermont [Mr. AIKEN] has offered an amendment. His intentions are good, but he seems to have "a zeal of God, but not according to knowledge." As Paul said of the Israelites, in his Epistle to the Romans:

For I bear them record that they have a zeal of God, but not according to knowledge.

There is but one thing to do with this bill. If we are honest with ourselves we will stop the subsidy business wherever it manifests itself. If we can put enough obstacles in the way to stop the roll-back, we should do so.

I have said that I hoped we had established a precedent for roll-backs, and that in 1944 we could roll back the whole thing and start from scratch. Roll back every man who is in favor of this foolishness. Roll him out of existence. "Roll-back" may be a very good term. I hope to God that in 1944 there will be a roll-back.

In conclusion, Mr. President, all I wish to say to my colleagues is that if they are opposed to subsidies let them say so. If they are against the roll-back, let them say so by their votes. If they believe that the principle is wrong, let them have "guts" enough to say so and vote accordingly.

When I go out into the corridor Senators whisper to me and say "I think you are right" and then enter the Chamber and vote the other way. The people of the country look upon the United States Senate with a great deal more respect than we deserve.

I am sorry that I have felt it to be my duty to make this statement. Senators have said, "Certain subsidies are all right." Josh Billings said that he lived to be 45 years old before he found a good place for a boil. Some one asked, "Where is it, Josh?" He replied, "On the other man." That is what influences most voters. "Get a fine place to put the boil of bureaucracy, but don't put it on me."

I hope we shall soon have a vote. It does not make any difference when Senators say "We think certain subsidies are all right." We know what the issue is. We have been discussing this matter for a day and a half, I hope that every Senator who has committed himself will be like the man in the old Mother Goose rhyme:

There was a man in our town, and he was wondrous wise;
He jumped into a bramble bush, and scratched out both his eyes.
But when he found his eyes were out, with all his might and main
He jumped into another bush and scratched them in again.

I hope that every Senator will vote according to the power God gave him to know the difference between right and wrong. You know a subsidy is not right and you know that the roll-back is an engine of hell; you know it. Now, if you want to vote for it, vote for it.

Mr. TAFT. Mr. President, I desire to discuss the Aiken amendment. I cannot see that a principle, as suggested by the Senator from South Carolina, is involved. There is no principle against subsidy in the Congress of the United States. For years we have been voting subsidies to the cotton growers and to the wheat growers and to corn growers.

Mr. SMITH. Does the Senator mean to imply, then, because there has been a subsidy to the cotton growers, that I am for subsidies.

Mr. TAFT. Not at all.

Mr. SMITH. If the Senator thinks so, he has another guess coming.

Mr. TAFT. I am saying that no great principle is involved in the question of whether or not we pay subsidies.

Mr. SMITH. It was a wrong principle in the beginning, and it is wrong now. If you will let the market alone, and the law of supply and demand apply, you will be better off, and so will I.

Mr. TAFT. I say there is no principle involved in the question of subsidies. I am as much against subsidies, I presume, as is any other Member of the Congress, as a matter of principle, but we must recognize the fact that gradually we have adopted a subsidy program, and it has gone on and on. It has even been increased since the war. Only last week we voted a \$50,000,000 subsidy for school lunches, if you please, although 80 percent of the children subsidized were perfectly able to pay for their lunches. We have paid subsidies to nearly every group in the population of this country. The question we now face, and the question the Banking and Currency Committee faces, is how are we going to hold that program within reasonable check? The conclusion I came to was that the way to check it was to put an over-all financial limitation, and to try to make the provision so all-inclusive that the financial limitation could not be avoided in any way.

With due respect to the Senator from Missouri, and the Senator from Vermont, I do not think their amendments would prevent the continuation of what, in effect, is a subsidy program. I do not see in the Aiken amendment anything which would prevent the Commodity Credit Corporation tomorrow announcing that it would buy the entire butter output of the United States and would then, during the year, sell it gradually to the people at a lower price.

My amendment would prohibit such a procedure. It says that no purchase shall be made with the intention of selling at a lower price the article purchased. The

Price Control Act provided subsidies only as an incidental. The main power it gives is to buy commodities or crops which may be offered. I think it would be unfortunate if that were done, but we have seen the B. E. W. buy foreign crops, and there is an indication that the Government officials would like, if they could, to buy entire crops, put the Government into business, and then sell them at a loss.

There is nothing in the Aiken amendment or even in the Clark amendment which would take away powers which the R. F. C. and the Commodity Credit Corporation now have to buy crops and pay subsidies at one price and proceed with the deliberate intention of selling them, from time to time, to the public at a lower price.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. TAFT. I yield to the Senator from Vermont.

Mr. AIKEN. Was not the committee aware that the R. F. C. had plenty of money for this program when they proposed the amendment to give the R. F. C. \$500,000,000 more?

Mr. TAFT. Yes, it was so aware; in fact the R. F. C. had \$7,000,000,000. The proposed committee amendment is a limitation on the power of the R. F. C.; it proposes a reduction from \$7,000,000,000 to \$500,000,000. It is an attempt to say, "Here is a subsidy program which we do not think we ought to stop now; but we propose to limit it." I admit that the question whether the last roll-backs which have been ordered should be prohibited is a question which is open, which can be discussed, but when it comes to the method of dealing with this question, it seems to me there must be a financial limitation.

Mr. AIKEN. On May 25, Mr. Jesse Jones appeared before the subcommittee of the Senate Committee on Agriculture and Forestry, known as the food committee, and in the course of his testimony, speaking of the roll-back and subsidy program, this colloquy took place:

Senator BUSHFIELD. From what fund does the money come to pay the roll-back on these three articles?

Secretary JONES. The Reconstruction Finance Corporation general fund.

Senator BUSHFIELD. It doesn't need any earmarking for that purpose?

Secretary JONES. Not in the law; no.

Senator AIKEN. Do you have plenty of money for that purpose?

Secretary JONES. We have enough money for a time. We will have to come for more money later. We will not have to come for more money to the extent of \$450,000,000.

The CHAIRMAN. You have that on hand?

Secretary JONES. We have got enough credit-borrowing authority to meet all of our requirements for some months, but we will come back when we find that we are going to get out of funds.

In other words, he said the R. F. C. had \$450,000,000 for the roll-back on meat and butter and coffee, and yet he comes before the Committee on Banking and Currency and gets them to grant \$500,000,000 more.

Mr. TAFT. It is not a question of granting any more.

Mr. AIKEN. I was reading from the testimony.

Mr. TAFT. As a matter of fact, the R. F. C. are requesting, through the Committee on Banking and Currency, authorization to borrow \$5,000,000,000 more when, as a matter of fact, Mr. Jones knows that he will never be called upon to meet a large number of the commitments he has made.

Mr. AIKEN. Then does the Senator think he did not have the money when he made that statement to the committee?

Mr. TAFT. I have no doubt it was all committed, but Mr. Jones knows that all the commitments are not going to be fulfilled, and therefore he is perfectly free to grant \$450,000,000. On the same theory he could have granted \$5,000,000,000 if he had been asked to do so, or told to do so by the President.

My effort in this amendment is to try to limit subsidies by amount. The moment we begin to limit it by the kind of subsidies paid, we get into tremendous difficulty, because there are various kinds of subsidies. There are direct and indirect subsidies. The method I suggest simply to buy a crop and then sell it at a lower price and take the loss involved, cannot be legally called a subsidy at all; it is not legally a subsidy; it is simply a method of doing the same kind of thing that is done through a subsidy. When the Senator from Vermont comes to offer his amendment he begins to make exceptions to prohibition against subsidies. For instance, take the exception, which reads—

Except that the foregoing prohibition shall not apply * * * to prevent such adjustments in the price supports and price ceilings on competitive domestic vegetable oils and fats as may be required to bring about or to maintain the necessary relationship in the prices of such products that is required to assure adequate production for the war effort.

Mr. President, under that authority I could go out and subsidize all the butter in the United States, if I wished to do so. The Senator admits that in the case of domestic vegetable oil the subsidy principle should be applied.

We come, then, to the question of feeding wheat. The sale of feed wheat at corn parity prices less than the value of wheat is a direct subsidy to the dairy producer, and the Senator does not think that is a good subsidy. The moment we begin to try to say that one kind of subsidy is a good subsidy, and another kind a bad subsidy, we fall into all kinds of difficulties, and we will find there are many good subsidies we have not authorized, and we may find bad subsidies we have not limited.

I do not know whether those who have actually taken the loss on the butter and the meat, the processors, will receive any compensation at all. It rather looks to me as if the effect of the amendment would be to cut them out, because it is said at the bottom of page 2:

Unless the Congress shall have specifically authorized the use of such funds for such purpose, except that the foregoing prohibition shall not apply until the end of the current crop season to any such commodity, other than milk and livestock and the products thereof, with respect to which the Government or any agency thereof was com-

mitted to the payment of such subsidies or other payments on June 15, 1943.

So it looks as if the people who have taken a loss on meats and taken a loss on butter, with the Government's promise that they were to be reimbursed by subsidy, are out. I do not know that that is the interpretation or the intention of the Senator, but as I read the amendment, that would be its effect.

I am not sure whether or not the Senator's amendment affects sugar. In the case of sugar, we have a very distinct case of subsidy, a Government-authorized and supported subsidy. Payments are made to a limited number of producers, and I think it is a justified subsidy, because it has the effect, since we do not have to make the payments to the Cubans and the other foreign growers of sugar, of getting a larger net reduction for the consumer in the United States than we have to pay to the farmers in subsidies. So it is a good subsidy.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. CLARK of Missouri. A moment ago the Senator spoke of the Government's promise to pay these people. In what was that promise contained? Certainly it was not in any act of Congress to which the Senator or anyone else can refer. I think the Senator agreed with me yesterday afternoon that section 2 (e) of the Stabilization Act did not authorize it.

Mr. TAFT. That is my opinion, but the people have been told by the Attorney General it did, and they have been forced, by main force, to sell their products at a reduced price, and I think it is hardly just to ask them to take the loss.

Mr. CLARK of Missouri. How was the Government's agreement conveyed to the people? According to the explanation made here a few days ago by the acting majority leader, the Senator from Alabama [Mr. HILL], on information from the O. P. A., the so-called agreement consisted of Mr. Jesse Jones and Mr. Prentiss Brown giving out a newspaper release, and then they proceeded, in the worst and most disgraceful botch that has ever taken place in any governmental function, to order a roll-back, without any provision for protecting the rights of the producer, the processor, or anyone else. I should like to ask the Senator from Ohio whether he thinks this newspaper release constituted a guaranty on the part of the United States Government, and, if so, to whom?

Mr. TAFT. I am not going to answer the Senator. I agree largely with what he says.

Mr. CLARK of Missouri. I know the Senator is not going to answer. He is too smart to answer.

Mr. TAFT. A man who had a large stock of butter was told by the Government, "You have to sell this butter at 5 cents less, and we will reimburse you the difference." If he inquires, "Is it legal?", they respond, "Yes, the Attorney General says it is perfectly all right," and he goes ahead and suffers the loss. I

should like to see him reimbursed, and I think most other Senators would.

Mr. CLARK of Missouri. So far as my amendment is concerned, I provide for protecting the rights of the people who deal in good faith with the Government. But I am sure the Senator does not mean to stand on this floor and say that the Government of the United States can be put under any sort of obligation by a newspaper release, either by Jesse Jones and Prentiss M. Brown separately, or by a joint release by Jesse Jones and Prentiss M. Brown. I am sure the Senator from Ohio would not like to establish the principle that an obligation is incurred by the Government through two officials proceeding, entirely outside of authority of law, by a newspaper release, to establish indefinite contractual relations with everybody in the country.

Mr. TAFT. I agree; but the Senator will recall that when some of the packers took that point of view in Chicago, and said, "We do not know that this is going to be paid, perhaps it is not legal, and therefore we will have to pay less for livestock," they were highly criticized in this body for not taking the Government's assurance of payment of a subsidy. They were highly criticized because they offered the producers less money, in view of the uncertainty of the subsidy, and the possible illegality of the subsidy.

Mr. BONE. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. BONE. The able Senator from Ohio is well informed about what we have done in this country since the birth of the Republic. This debate on the morality of subsidies will certainly add an interesting chapter to American history. If the walls of this Capitol could talk, they could tell a wonderful story.

When the Republic was born, among the first official acts was one to establish the largest subsidy of all; that is, to establish the tariff system, which I believe was Alexander Hamilton's "baby." Then we went on through the whole gamut of subsidies, some of which have been discussed here since I became a Member of this body.

There were the parity-payment subsidies and the air-mail subsidies. We subsidized agricultural colleges by giving them public lands. The second-class mailing privilege is indubitably a subsidy. There is a silver subsidy. We canceled the war debts, a sizable subsidy in itself. We have a lend-lease program, which is a form of subsidy. We built a great many war plants at the expense of the taxpayers, and we shall probably turn them over to private operators later, which will be another subsidy, running into billions of dollars. We subsidized the beet-sugar industry through a statute now on the books.

I am not making an argument on the merits of the bill; I am merely pointing out that the subsidy principle is and has been firmly engrained in our economy and our political life, and this might be an appropriate time for us to examine this principle of subsidy, and determine

whether or not we will let American business institutions stand on their own bottoms, and get rid of the practice of nurturing them by various methods which we have regarded as perfectly moral and economically justifiable, whether we will abandon the subsidy principle. We hear a lot of murmuring about one small aspect of it, and it may be that it is in such form that it should be indicted.

I am reminded that there were land grants to railroads. I recall one railroad to which land was granted, and I think it was Dr. Benjamin Andrews who, I believe, was the chancellor of the University of Nebraska a great many years ago, when most of the Members of the Senate were much younger, who wrote a book about the value of the grants to the railroads. I think he stated that one railroad had sold some of the land given it for more dollars than the road had cost.

Congress would be a mighty alchemist if it could turn back the hand of time and unwrite all those things. But I am sufficiently concerned to wonder now whether Congress is going to abolish the principle of subsidies. If so, I should be very much interested, and I should like to participate actively in the discussion of the principle itself.

Mr. SHIPSTEAD. Mr. President, will the gentleman from Ohio yield?

Mr. TAFT. I yield.

Mr. SHIPSTEAD. With regard to all the subsidies which the Senator from Washington has mentioned, with the exception of one which I can think of, namely, the cancelation of the debts of foreign governments, I think that no commitments were made in connection with those subsidies until Congress had voted the authority.

Mr. TAFT. Mr. President, the Aiken amendment attempts to prohibit subsidies, but subsidies only, as I have said. I do not think it is all-inclusive enough to prohibit the kind of thing which can be done to carry out the same effect.

As to the particular matter we have been discussing, it is quite limited. The provision is:

(2) As a substitute for or in lieu of increasing maximum prices already or hereafter established.

That means that if farm prices go up they must be passed on to the consumer. One cannot attempt to devise any means whatever of trying to subsidize this high-cost producer or that high-cost producer, which will make the cost to the consumer less than it would otherwise be. The language of the amendment would prohibit any subsidy of that kind. I think there might be such a subsidy which would be very helpful in enforcing price control.

No subsidy or other payments shall be made—

(3) To maintain any maximum price already or hereafter established, from any funds heretofore or hereafter appropriated to, borrowed under congressional authorization by, or in the custody or control of any governmental agency.

I do not quite understand why that provision is contained in clause (3) when almost the same provision appears above covering all Government funds, or at-

tempting to do so. I do not quite understand the distinction between clause (2) and clause (3).

Mr. President, it is my opinion that if we are to provide a subsidy we should place on it an over-all financial limitation. In preparing my amendment I tried to make it as all-inclusive as it could be. If we think \$500,000,000 is too much, let us cut it down to \$100,000,000. Let us decide on the total figure we desire to spend on subsidies in connection with the war program. If it is desired by the Senate that there shall be no roll-back, let the Senate vote to include that feature in the provision. But it seems to me that the amendment proposed by the Senator from Vermont is not effective in preventing what may well be in effect a subsidy.

In the second place, if we begin to try to make exceptions of this subsidy and that subsidy, the result may be to prohibit some of the existing subsidies, such as the subsidy on sugar and others, the result of which has not been carefully considered.

Mr. President, I feel that if we are going to do this job we ought to do it by working on the committee amendment rather than by adopting the amendment proposed by the Senator from Vermont.

Mr. CLARK of Missouri. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CLARK of Missouri. I understand that the Senator from Vermont has offered a substitute for the committee amendment, beginning on line 16, page 5, and extending through line 12, page 6. Is my understanding correct?

The PRESIDING OFFICER. It is correct.

Mr. CLARK of Missouri. Mr. President, I desire to make the further parliamentary inquiry as to whether a perfecting amendment to the committee amendment would be in order and would take precedence over the substitute offered by the Senator from Vermont.

The PRESIDING OFFICER. Under rule XVIII, in the case of a motion to strike out and insert, a motion to amend the part to be stricken out has precedence. So the amendment would be in order.

Mr. CLARK of Missouri. Mr. President, I offer a perfecting amendment to the committee amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. It is proposed to strike out the committee amendment beginning in line 16 on page 5, down to and including line 12 on page 6, and to insert in lieu thereof the following:

That on and after the date of enactment of this act no authority shall be exercised by the Price Administrator, the Federal Loan Administrator, or any other governmental agency or corporation with respect to the making of any subsidy payments under section 2 (e) of the Emergency Price Control Act of 1942, as amended, and any authority contained in such section with respect to the making of subsidy payments is hereby repealed: *Provided*, That nothing in this act shall be construed to affect in any manner the rights or interests of any person who has acted in good faith in reliance upon any reg-

ulation or order issued prior to the date of enactment of this act with respect to such subsidy payments under the authority of such section 2 (e), and to the extent necessary to protect the rights or interests of any such person in connection with transactions heretofore made or entered into such subsidy payments may be made.

Mr. BONE. Mr. President, will the Senator yield to me for a question?

Mr. CLARK of Missouri. I was about to suggest the absence of a quorum.

Mr. BONE. I merely seek information.

Mr. CLARK of Missouri. I yield.

Mr. BONE. I understand the purpose of the Senator from Missouri is to say in legal effect that whatever pledges have been made to date in good faith will be carried out.

Mr. CLARK of Missouri. That is correct.

I suggest—

Mr. BONE. Will the Senator permit me to finish?

Mr. CLARK of Missouri. I prefer to suggest the absence of a quorum before I begin an explanation of my amendment, but I can state to the Senator very briefly that the purpose of my amendment is to negative the claim of the Loan Administrator and the Office of Price Administration that section 2 (e) of the Stabilization Act gives them authority for the roll-back policy they have been pursuing.

I do not think that section 2 (e) under any fair construction could possibly be considered as giving the Loan Administrator that authority. But since that is the claim under which they are proceeding, I propose as an original proposition to strike out that authority completely. Then if we want to provide authority for a production subsidy, which is what Congress intended in the first place, we can do so.

Mr. BONE. The Senator's position is that whatever is accomplished in the way of subsidies in the future shall be specifically authorized by an act of Congress?

Mr. CLARK of Missouri. That is it entirely.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Green	Nye
Andrews	Guffey	O'Daniel
Ball	Gurney	O'Mahoney
Bankhead	Hatch	Overton
Bilbo	Hawkes	Pepper
Bone	Hayden	Radcliffe
Brewster	Hill	Reed
Bridges	Holman	Revercomb
Brooks	Johnson, Colo.	Reynolds
Buck	Kilgore	Robertson
Burton	La Follette	Scruggam
Butler	Langer	Shipstead
Byrd	Lodge	Smith
Capper	McCarran	Stewart
Caraway	McClellan	Taft
Chandler	McFarland	Thomas, Idaho
Chavez	McKellar	Thomas, Okla.
Clark, Mo.	McNary	Thomas, Utah
Connally	Maloney	Tobey
Davis	Maybank	Truman
Downey	Mead	Tunneil
Eastland	Millikin	Tydings
Ferguson	Moore	Vandenberg
George	Murdock	Van Nuys
Gerry	Murray	Wagner

Wallgren
Walsh
Wheeler

Wherry
White
Wiley

Willis
Wilson

The PRESIDING OFFICER. Eighty-three Senators having answered to their names, a quorum is present.

Mr. CLARK of Missouri. Mr. President, I desire to modify or correct the amendment which I offered a moment ago. I send the modification or correction to the desk, and ask that it be stated.

The PRESIDING OFFICER. The modification will be stated.

The LEGISLATIVE CLERK. In the committee amendment on page 5, line 16, it is proposed to strike out all of lines 16 through 25, and on page 6, to strike out all from line 1 through the word "purpose" in line 10, and to insert in lieu thereof the following:

That on and after the date of enactment of this act no authority shall be exercised by the Price Administrator, the Federal Loan Administrator, or any other governmental agency or corporation with respect to the making of any subsidy payments under section 2 (e) of the Emergency Price Control Act of 1942, as amended, and any authority contained in such section with respect to the making of subsidy payments is hereby repealed: *Provided*, That nothing in this act shall be construed to affect in any manner the rights or interests of any person who has acted in good faith in reliance upon any regulation or order issued prior to the date of enactment of this act with respect to such subsidy payments under the authority of such section 2 (e), and to the extent necessary to protect the rights or interests of any such person in connection with transactions heretofore made or entered into such subsidy payments may be made.

Mr. CLARK of Missouri. Mr. President, the only difference between that amendment and the amendment I originally proposed—

Mr. TAFT. Mr. President, if the Senator will yield, let me say that I do not quite understand where the Senator proposes to have his amendment inserted.

Mr. CLARK of Missouri. I offer the amendment as an amendment to the committee amendment, to strike out all the committee amendment except the last sentence, and insert the language I have proposed. I would leave only the last sentence of the committee amendment, in order to comply with the rule by making my amendment a perfecting amendment rather than a substitute. I say frankly that the whole purpose is to obtain a vote on the perfecting amendment before a vote on the substitute is had. The perfecting amendment is such that the last sentence of the committee amendment is perfectly meaningless when taken in connection with my own amendment, but I am adopting that form of the amendment for the purpose of complying with the rule.

Mr. McNARY. Mr. President, the amendment is to the committee amendment in the bill, and is in the nature of a perfecting amendment; is that correct?

Mr. CLARK of Missouri. That is correct?

Mr. McNARY. Therefore it has precedence over the amendment offered by the distinguished junior Senator from Vermont, as I understand.

The PRESIDING OFFICER. Under the rule, a perfecting amendment has precedence over a substitute.

Mr. McNARY. Yes; I so understand.

Mr. CLARK of Missouri. Mr. President, I do not desire to detain the Senate very long about the matter, because I think all Members of the Senate are thoroughly familiar with the issues involved. It is my belief that we have before us today one of the most important issues which has confronted the Congress and the people of the United States in the lifetime of any of us. I believe that today we are considering a question which involves the last stand of private enterprise in the United States of America. I believe we are considering today a proposition by which, if the advocates of subsidies for agricultural commodities prevail—and, of course, agricultural commodities include processed agricultural commodities—we shall, to all intents and purposes, have reduced the farmers of the United States, the agricultural producers of the United States, to a state of peonage. When once we have established that principle, when once we have established the principle of control of agricultural production in this country by subsidy, we shall have established the whole theory of Government control of agriculture; and when we have done that, Mr. President, there is no reason why every small business, every large business, every barber, every blacksmith, and everyone else in the United States should not be controlled in the same way.

Mr. MURDOCK. Mr. President, will the Senator yield to me?

Mr. CLARK of Missouri. I am glad to yield.

Mr. MURDOCK. I am hopeful that the Senator will discuss this question before he concludes—

Mr. CLARK of Missouri. If the Senator will give me an opportunity to discuss it, I probably shall be glad to.

Mr. MURDOCK. The question I have in mind is this: What effect, if any, would the Senator's amendment, if agreed to, have on the present subsidies paid to copper, lead, and zinc producers?

I do not know under what authority those subsidies are paid; but in reading the Senator's amendment, I should say it strikes rather comprehensively and directly at all subsidies. I am wondering whether the copper, lead, and zinc subsidies would in any way be affected?

Mr. CLARK of Missouri. I understand that the subsidies to which the Senator has referred are direct subsidies authorized by other laws than section 2 (e) of the Price Stabilization Act. The only objective of the amendment is to repeal section 2 (e) of the Price Stabilization Act; and I say to the Senator from Utah that, so far as I am concerned, I think section 2 (e), for the purposes intended by the Congress when that section was enacted, was entirely justifiable, and should be continued.

Mr. MURDOCK. Mr. President, will the Senator yield for a further question?

Mr. CLARK of Missouri. I shall be glad to yield if the Senator will first permit me to conclude by statement.

Mr. MURDOCK. Very well.

Mr. CLARK of Missouri. In view of the fact that section 2 (e) of the Price Stabilization Act has been taken as an excuse, although I do not think it is a justifiable excuse, and as a fictitious authorization of law for the whole roll-back program, it seems to me to be necessary to repeal the whole of section 2 (e), and then to reenact a section authorizing a subsidy for production, as was originally intended by the Congress in the enactment of the Price Stabilization Act.

Now, I am glad to yield to the Senator from Utah.

Mr. MURDOCK. May we have the assurance of the Senator from Missouri that it is not his intention or purpose in any way to affect the subsidies which now are being paid under the copper, lead, and zinc subsidy programs?

Mr. CLARK of Missouri. The Senator may certainly have such assurance. I may say, furthermore, Mr. President, that so far as I am concerned, I have tried very meticulously to preserve the rights of persons who have dealt in good faith with the Government, even under the roll-back theory, even though I do not believe any governmental agency had any authority to initiate such a policy. I do not think any individual citizen should be penalized for a misunderstanding of the authority of governmental agencies; and, therefore, I have undertaken in my amendment to protect persons who have dealt in good faith with the Government under what I conceive to be an illegal proceeding on the part of the Government.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I am glad to yield.

Mr. AIKEN. I desire to ask the Senator from Missouri several questions in connection with the provisions of his amendment. Suppose a creamery operator had signed an agreement with the Federal Government providing for the payment of subsidies for a period of 1 year. Would not the amendment carry out the roll-back of butter until next June?

Mr. CLARK of Missouri. I do not understand that any such situation exists. I understand that no agreements have been signed, that the matter has been entirely a question of newspaper releases and of general orders issued from Washington, and that few, if any, individual contracts have been signed. If any have been signed, I think a man who has dealt in good faith with the Government of the United States, even though he may be mistaken in his conception of the authority and responsibility of the governmental agencies, should be protected. I make that answer to the Senator.

Mr. AIKEN. I am not sure but that the Butter Production Payments Regulation No. 2 of the Defense Supplies Corporation should be printed in the RECORD.

Mr. CLARK of Missouri. The Senator can have printed in the RECORD anything for which he chooses to make such a request.

Mr. AIKEN. Section 2 reads:

SEC. 2. Persons eligible to apply for payments: Any person who manufactures 1,000 pounds or more of butter in any one establishment in any calendar month may file an application for payment on account of such butter manufactured during a calendar month after May 1943.

Mr. CLARK of Missouri. Mr. President, the difference between the Senator's amendment and mine is that the Senator's amendment is a long, involved one which, so far as I know, no Member of the Senate except himself is able to understand; whereas, my amendment is a very brief, direct, specific repealer of the authority to enter into any such agreement.

Mr. AIKEN. Suppose a thousand creamery operators have already signed the agreement with the Government, and a thousand have not signed it. Under the Senator's amendment would not the 1,000 who have signed it be entitled to collect 5 cents a pound until 1944, and would not the others be denied the subsidy?

Mr. CLARK of Missouri. I do not understand that any such state of facts exists. I am not willing to deal with a matter of this importance on the basis of speculation that perhaps a thousand operators have entered into such contracts. I do not think the Senator can produce evidence of one instance of anyone having signed such a contract.

Mr. AIKEN. I am not producing evidence. I am asking a question.

Mr. CLARK of Missouri. I will answer the Senator as frankly as I can. I believe that those who have in good faith entered into agreements with the Government, even though they may be mistaken as to the legal authority of any governmental agency to contract with them or to issue such orders, should be protected. That is what my amendment would do.

Mr. AIKEN. Would we not then have a two-price butter program for a year?

Mr. CLARK of Missouri. Possibly that is the explanation of the very complex amendment which the Senator has introduced, and which no one has yet been able to understand.

Mr. AIKEN. Another question which I wish to ask is, How long should producers be guaranteed the subsidy which they have agreed in good faith to accept from the Government? For example, take the small copper mines which have started in business in order to produce copper for 17 cents a pound. Under the Senator's amendment, how long would they be permitted to receive 17 cents a pound?

Mr. CLARK of Missouri. The amendment is perfectly clear in that respect. Anyone who has in good faith entered into an agreement with the Government should be protected. I did not insert any time limitation, because, so far as I know, no such contracts have been entered into. However, anyone who has changed his position in good faith, on the basis of a governmental representation, should be protected. I do not think any intelligent argument can be made against such a position.

Mr. AIKEN. I should say that a goodly proportion of the creamery operators have entered into such an agreement.

Mr. CLARK of Missouri. If the Senator has any figures to produce on that question, he may change my mind; but the Senator is simply indulging in speculation. I am interested in stopping what I consider to be a very vicious tendency, for which I believe there is no authority of law whatever. I think it ought to be stopped. I think the Congress is against it, and I have adopted a very simple method of stopping it.

The Senator has offered an amendment so complex that, as I say, I have not been able to find a single Senator, aside from the Senator from Vermont himself, who professes to have the slightest idea what the amendment means. The Senator has said that he has the opinion of some very distinguished lawyers. I do not profess to be a distinguished lawyer. For many years I made my living practicing law. However, I do claim to be an extremely practical lawyer. Perhaps I am not a distinguished lawyer within the meaning of the term used by the Senator from Vermont; but I will say very frankly that I cannot understand what the amendment of the Senator from Vermont means, and I have not found anyone else who understands it.

Mr. AIKEN. Let me say to the Senator from Missouri that I might not disapprove of his amendment if I could understand it. I wish to be sure that I am not voting to give a subsidy of 5 cents a pound on butter to half the creameries, and absolutely deny it to the other half, if half of them have entered into agreements and the other half have not. It seems to me that is just what the Senator's amendment would do.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. WHEELER. There is nothing in the amendment of the Senator from Missouri which would affect the small copper companies of which the Senator from Vermont speaks. They would not be affected in the slightest degree.

Mr. AIKEN. I do not think so either. I am mainly interested in the creameries.

Mr. WHEELER. With respect to the creameries, I do not think they have entered into a program for a definite length of time. I do not believe that the amendment of the Senator from Missouri could be construed in any other way than as stopping subsidies to the producers of butter who produce more than a thousand pounds.

Mr. CLARK of Missouri. I think unquestionably the effect of the amendment would be to entitle producers to the payment of accrued subsidies up to the effective date of the act, and nothing more.

Mr. WHEELER. That is correct.

Mr. CLARK of Missouri. I do not think there is any question about that, as a matter of law.

Mr. BANKHEAD. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. BANKHEAD. I think possibly the Senator is unduly emphasizing the point that contracts have not been signed between individuals and the Government, which bind either the individuals or the Government. It is my understanding that all such Government programs are put into operation by releases on the part of the Government agency.

Mr. CLARK of Missouri. Does the Senator mean newspaper releases?

Mr. BANKHEAD. Yes. That is the method of circulating offers to the public. It is my understanding that there are no formal contracts between the Government and processors or producers, whether they be farmers or factories. Plans or proposals offered to the public by any agency of the Government, acting with authority, of course, are almost never put into operation in the form of written contracts. The offer goes out through releases scattered all over the country. That was the method used in the case of the sustaining price on hogs. The Government announced a sustaining price of 13¾ cents a pound on hogs, but it did not expect any hog producer or processor to sign an agreement. The information went out in the usual way, the way it always goes out, so far as I know; and the acceptance of the offer is impliedly made by compliance with the Government's offer.

Mr. CLARK of Missouri. Mr. President, I do not wish to quarrel with the Senator from Alabama about the details of the mechanics of the procedure. The fact of the matter is that the O. P. A. and the R. F. C., or the Commodity Credit Corporation, which is the creature of the R. F. C., have exceeded their authority. They have taken a section of the Stabilization Act, section 2 (e), adopted by the Congress for the perfectly definite purpose of encouraging production in certain commodities with respect to which increased production can only be brought about at a loss to the producer, and extended it as an excuse for the roll-back procedure.

I have not heard it denied on this floor that that is beyond their authority. I do not understand that Jesse Jones himself, for whom I have great regard and considerable affection, when he appeared before the Banking and Currency Committee, claimed that the Commodity Credit Corporation had any authority under the law to finance the roll-back procedure. I understand that Jesse Jones said he was ordered by someone else to do it. When he was asked who ordered him to do it, he said, "Jimmy Byrnes." Who ordered Jimmy to do it, I do not know; but I do not understand that anyone has yet maintained, as a legal proposition, that the Commodity Credit Corporation has any authority to finance any such operation as this.

The other day several Senators raised the question as to where the O. P. A. got its authority to carry out such a program. Finally, the Senator from Alabama [Mr. BANKHEAD] went to the telephone, and when he returned he stated, on the authority of someone by the name of Ellington, or Elphenstone, or Bullington, or some such name—the

Senator from Alabama did not even know the man—that the Commodity Credit Corporation was relying on section 2 (e) of the Stabilization Act.

I very well remember the debate in connection with section 2 (e) of the Stabilization Act. I remember that the then Senator from Michigan, now the Administrator of O. P. A., stood on this floor and explained, time after time, that the provisions of section 2 (e) as to subsidies were not in any event intended to be an authority for price control, but were merely intended, in certain very specific instances, to encourage production when production could not otherwise be increased except at a loss.

Mr. President, I undertake to say that if the construction now sought to be put upon section 2 (e) had been announced on this floor when the bill was under consideration, neither section 2 (e) nor the bill itself would have received a dozen votes in this body.

It seems to me that the adoption of my amendment is the only way in which to handle the situation, inasmuch as in the meantime what is called an opinion of the Attorney General has been obtained. Of course, everyone knows that the Attorney General did not write the opinion; and, of course, anyone who has any sense whatever knows that any Government department which desires to do so may obtain from the Department of Justice an opinion authorizing any perverted or twisted construction of any statute which it may want.

My dear friend, the Senator from Alabama, rose on the floor of the Senate and quoted an opinion of the Department of Justice. I have the very highest regard, as does every one else in the Chamber who knows the Senator, for the legal ability and legal opinions of the Senator from Alabama. Everyone knows that the Senator from Alabama is a great lawyer. If the Senator from Alabama were to rise in this Chamber and say, "I, myself, have made a study of this subject; I have arrived at a definite decision; I have written an opinion on this subject which I wish to have printed in the RECORD," I would have the greatest respect for his opinion. There is no Senator for whose opinion we would have greater respect than that of the Senator from Alabama.

However, the Senator says the Department of Justice has given an opinion on this question. Mr. President, I have read the opinion of the Department of Justice. It is about 2 inches long.

Mr. BANKHEAD. Mr. President, if the Senator will yield, let me say that the opinion to which I have referred is approximately three or four pages long.

Mr. CLARK of Missouri. I shall be very glad to yield to the Senator from Alabama in a moment. In effect, the opinion of the Department of Justice amounts to about the following: "Boys, you can do anything you want to do." [Laughter.]

Now I yield to the Senator from Alabama.

Mr. BANKHEAD. Mr. President, in the first place, I say to my good friend the Senator from Missouri that I am grateful to him for his generous appraisal of me.

Mr. CLARK of Missouri. What I have said has come from the heart.

Mr. BANKHEAD. I know it has. The Senator knows I have the highest regard for him; and I could not have that feeling toward him if I did not know that he had the same feeling toward me.

Mr. President, the situation is this: Of course, I have made no study of the opinion to which the Senator from Missouri has referred. No Member of the Senate has time to examine into collaterally involved legal questions.

Mr. CLARK of Missouri. I understand that. All I am endeavoring to say is that if the opinion were that of the Senator from Alabama, I should have great respect for it. However, if the opinion is a routine, mail-order opinion of some clerk in the Department of Justice, I do not have the slightest respect on earth for it, and I do not believe any other Senator has.

Mr. BANKHEAD. The statement of the distinguished Senator that the opinion is only about 2 inches in length discloses that the Senator has not read it.

Mr. CLARK of Missouri. Oh, yes; I have read it.

Mr. BANKHEAD. The opinion is some two or three pages in length. I got tired reading it.

Mr. CLARK of Missouri. Most of it is simply a quotation of the law itself. The pertinent part of the decision is no longer than my forefinger.

Mr. BANKHEAD. The conclusion in the opinion may not have been longer than that, but the opinion which was recited was much longer.

Mr. CLARK of Missouri. If the Senator is speaking of the statement of fact as being the opinion, I agree with him.

Mr. BANKHEAD. I refer to the citations of statutes and rulings, as well. What is generally called an opinion of course usually involves not only the final conclusion but a general restatement of the law, backed up and justified insofar as possible by a statement of any other authority or of any reasoning on the subject which the writer of the opinion may have to offer. However, if the Senator will again examine the opinion, I believe he will conclude, regardless of whether he agrees with the conclusion, that the opinion certainly is a well-considered one, not a hurried memorandum.

Mr. CLARK of Missouri. I do not agree with the Senator, but I should like to ask him a question.

Mr. BANKHEAD. I say to the Senator that, regardless of whether he agrees with the conclusion, the opinion is not a hurried memorandum.

Mr. CLARK of Missouri. I say that there is nothing to the opinion except a conclusion.

Inasmuch as the Senator is on his feet, let me ask him whether he contends that when section 2 (e) or any other section of the Stabilization Act was before this body, there ever was made on this floor any suggestion or claim, except by way of negation, which would authorize any such procedure as the roll-back and subsidy.

Mr. BANKHEAD. No; I do not think there was.

Mr. CLARK of Missouri. Was it not specifically denied by the Senator in

charge of the bill, as well as every other member of the Committee on Banking and Currency who had anything to do with the bill?

Mr. BANKHEAD. No; I do not have any recollection that the subject was discussed in any way.

Mr. CLARK of Missouri. I have a very definite recollection. I do not have the RECORD before me, but I have a very definite recollection that the Senate never intended to adopt any subsidy authorization at all, except when it was explained and asserted and promised that it was only to be a production subsidy, not a price-control subsidy.

Mr. BANKHEAD. I cannot agree with the Senator about that. I think section 2 (e), the section the Senator is trying to have repealed, demonstrates that his conclusion is not well sustained.

Mr. CLARK of Missouri. Does the Senator from Alabama contend that section 2 (e), which my amendment seeks to repeal, does anything except to authorize a strict production subsidy?

Mr. BANKHEAD. No; I do not. However, I say that when a roll-back is contemplated, if it goes back to the producer it will reduce production, and that the stopping of it by a subsidy at the plant of the manufacturer will tend to sustain production and to prevent a decrease in production.

Mr. CLARK of Missouri. Mr. President, of course the Senator and I are in complete disagreement about that.

Mr. BANKHEAD. The Senator asked me for my views, and I have attempted to state them.

Mr. CLARK of Missouri. That is all right. I am glad to have had the Senator express them.

Mr. BANKHEAD. Mr. President, the purpose for which I rose was to bring to the Senator's attention, and to the attention of other Members of the Senate, his criticism of reliance by Government officials upon opinions of the Attorney General of the United States.

Mr. CLARK of Missouri. Mr. President, I will repeat everything I have said concerning that subject.

Mr. BANKHEAD. Oh, that would be implication.

Mr. CLARK of Missouri. I say that I will repeat everything I have said. I do not want the Senator from Alabama to think that I am backing up on this proposition. I should like to repeat what I have said, to emphasize it.

Mr. BANKHEAD. The point I make is that the Attorney General is a man whose appointment was confirmed by the Senate. I hold no brief for him. However, I know of no reason which would lead me to believe that he has no official, legal responsibility, and is not a man of high standing in his profession.

Mr. CLARK of Missouri. Mr. President, I wish to introduce as exhibit A the idiotic opinion we have been discussing on this very matter.

Mr. BANKHEAD. Oh, that is a matter of opinion.

Mr. CLARK of Missouri. It may be a matter of opinion; but I have discussed it and I want to introduce it.

Mr. BANKHEAD. I do not think the opinion is an idiotic one, at all.

Mr. CLARK of Missouri. I do.

Mr. BANKHEAD. I do not think so.

However, the point I make is that the Senator from Missouri stands here in his position as a Member of the United States Senate, as do we all when we are on the floor of the Senate. I think the interest of orderly government, and the maintenance of respect for our Government, as well as the obedience and compliance with the laws of our Government, require that, generally speaking, unless there is some reason to the contrary, we accept the opinions of officials of the Government duly appointed and confirmed to perform the duties assigned to them under the constitutional provision relating to principal officers of the executive departments.

Mr. CLARK of Missouri. Mr. President, that is precisely what I propose to do by my amendment. I did not bring in the amendment, I did not bring in any proposition, saying the opinion of the Attorney General is idiotic, which I believe it to be. I did not say the Attorney General is deliberately encouraging violation of the law, which I believe to be the case. I merely said that, since the Attorney General has put an erroneous construction upon the law, as intended by Congress, since the Attorney General has seized upon section 2 (e) as authority for a construction which Congress never had the slightest idea of authorizing, we will simply repeal section 2 (e). That is no reflection on the Attorney General.

Mr. BANKHEAD. I think the statement of the Senator from Missouri is unfortunate, and I should think so if our positions were reversed.

Mr. CLARK of Missouri. The Senator is entirely correct in saying that I believe the Attorney General's opinion is idiotic. I will give the Attorney General credit by saying that I do not believe he ever wrote the opinion. Undoubtedly, some law clerk in the Department of Justice wrote it. I will absolve the Attorney General from personal responsibility for the opinion. I think the construction which he has placed upon the law is a deliberate flouting of the will of Congress; but I do not say so in my amendment. I merely propose to repeal the section 2 (e).

Mr. BANKHEAD subsequently said: Mr. President, I ask unanimous consent to incorporate in the body of the RECORD immediately after my discussion with the Senator from Missouri of the Attorney General's opinion, a copy of the opinion as it appears in the hearings before the Senate Committee on Banking and Currency on pages 211 and 212

The PRESIDING OFFICER. Without objection, it is so ordered.

The opinion is as follows:

OCTOBER 27, 1942.

The honorable the SECRETARY OF COMMERCE.

MY DEAR MR. SECRETARY: In answer to the questions raised by your letter of October 20, 1942, it is my opinion that (1) the authority conferred by section 2 (e) of the Emergency Price Control Act of 1942 upon corporations created under section 5 (d) of the Reconstruction Finance Corporation Act does include authority to make subsidy payments for the type of services described in section 302 (c) of the former act when these services are rendered with respect to materials defined

by the President as strategic or critical, and that (2) persons, corporations, partnerships, and other business organizations rendering these services are producers within the meaning of the phrase in section 302 (c) which authorizes Reconstruction Finance Corporation corporations to make subsidy payments to domestic producers.

Subsidy payments to domestic producers of commodities are authorized by section 2 (e) of the Emergency Price Control Act of 1942 when it is determined that unless they are paid, the maximum necessary production is not or may not be obtained during the ensuing year. The amounts of the subsidies and the manner and terms and conditions upon which they are paid, section 2 (e) provides, shall be such as are determined to be necessary to obtain the necessary maximum production. When critical or strategic materials are involved, all the determinations to which I have referred are to be made by the Secretary of Commerce (in whom the functions of the Federal Loan Administrator named in sec. 2 (e) are now vested) with the approval of the President and the subsidy payments are to be made by corporations created under section 5 (d) of the Reconstruction Finance Corporation Act. When critical or strategic materials are not involved the Price Administrator is authorized to make the determinations and the subsidy payments. The relevant portions of section 2 (e), which I have thus summarized, read as follows:

"Whenever the Administrator determines that the maximum necessary production of any commodity is not being obtained or may not be obtained during the ensuing year, he may, on behalf of the United States, without regard to the provisions of law requiring competitive bidding, buy or sell at public or private sale, or store or use, such commodity in such quantities and in such manner and upon such terms and conditions as he determines to be necessary to obtain the maximum necessary production thereof or otherwise to supply the demand therefor, or make subsidy payments to domestic producers of such commodity in such amounts and in such manner and upon such terms and conditions as he determines to be necessary to obtain the maximum necessary production thereof: *Provided*, That in the case of any commodity which has heretofore or may hereafter be defined as a strategic or critical material by the President pursuant to section 5 (d) of the Reconstruction Finance Corporation Act, as amended, such determinations shall be made by the Federal Loan Administrator, with the approval of the President, and notwithstanding any other provision of this act or of any existing law, such commodity may be bought or sold or stored or used, and such subsidy payments to domestic producers thereof may be paid, only by corporations created or organized pursuant to such section 5 (d) * * *."

Those who render services of the types here in question with respect to critical or strategic materials are, in both an economic and a legal sense, producers. That the Congress intended that they should be so regarded for the purposes of the Emergency Price Control Act is shown by section 302 (c) thereof, which reads in part:

"The term 'commodity' * * * includes services rendered otherwise than as an employee in connection with the processing, distribution, storage, installation, repair, or negotiation of purchases or sales of a commodity, or in connection with the operation of any service establishment for the servicing of a commodity."

My conclusion that the authority to pay subsidies conferred by section 2 (e) upon the Secretary of Commerce and the Reconstruction Finance Corporation corporations relates not only to those who, in the narrowest sense, "produce" a strategic or critical material but also to those whose services of the types referred to complete the "production" thereof (in the wide sense in which sec. 302 (c) shows

that the word should be understood in this connection) is fortified by the fact that it is, in many cases, difficult if not impossible to distinguish "production," in the narrow sense of the word, from processing and other services of the kinds referred to in section 302 (c). In the case of "petroleum products" is the oil-well operator the only "producer" or is the refiner also a "producer" or perhaps the sole "producer"? The Congress, I think, wisely made it unnecessary that this question, and many others like it, be answered.

Another consideration confirms my interpretation of section 2 (e). That section, in connection with section 302 (c), clearly authorizes the payment of subsidies to persons who have "produced" a "commodity" by furnishing services of the type here involved. The statute cannot, where a strategic or critical material is involved, reasonably be construed to mean that the function of determining the need for subsidies is divided between the Secretary of Commerce and the Administrator.

Your letter states that—

"Already Defense Supplies Corporation, a corporation created by the Reconstruction Finance Corporation pursuant to section 5 (d) of the Reconstruction Finance Corporation Act, as amended, has, with the approval of the President, agreed to pay excess costs of transporting sugar to deficit areas, bituminous coal to New York State and New England, petroleum and petroleum products to the eastern seaboard, and Chilean nitrates to the United States. The purpose in each case is to permit the uninterrupted delivery of the particular strategic and critical material to the areas affected under maximum prices established by the Price Administrator despite increased transportation costs resulting from enemy attacks upon American and Allied shipping. Such subsidy payments are to be paid directly to persons engaged in the performance of any service in connection with particular commodities, or, in order to facilitate administration of the program, to persons absorbing abnormal increases in the cost of any such commodity."

I am informed that in each of these instances the determinations required by section 2 (e) have been made. It is my opinion that these subsidy payments are authorized by law. That, in order to facilitate administration, the payments have sometimes been made not directly to the persons rendering the services being subsidized but to persons absorbing abnormal increases in cost, is, I think, legally immaterial so long as the payments are reflected to the persons you are authorized by law to subsidize. The Congress could hardly have intended to forbid those charged with administering the law to adopt such a method of paying the subsidies. Section 2 (e) specifically authorizes you to pay subsidies "in such manner" as you determine to be necessary to achieve the necessary maximum production.

Respectfully,

FRANCIS BIDDLE,
Attorney General.

Mr. TAFT and other Senators addressed the Chair.

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair). Does the Senator from Missouri yield, and, if so, to whom?

Mr. CLARK of Missouri. I yield first to the Senator from Ohio.

Mr. TAFT. Mr. President, as I read the Senator's amendment it appears to me that it would abolish all subsidies on the transportation of oil, the transportation of coal to New England, and the transportation of gasoline to the east coast. I should think that is a subject which we ought to consider rather seriously before taking the action which is proposed.

Mr. CLARK of Missouri. I will say to the Senator from Ohio that I believe in striking out section 3 completely, and then restoring under very specific limitations such subsidies as have actually been put into effect under section 2 (e) which we think should be restored.

Mr. TAFT. I suggest to the Senator the way to do that is to adopt the committee amendment, and amend it, if that be desired.

Mr. CLARK of Missouri. I will say to the Senator from Ohio that I think the committee amendment is so absolutely vicious that it would be impossible to make any improvement in it.

Mr. TAFT. Not at all. The committee amendment—

Mr. CLARK of Missouri. Mr. President—

The PRESIDING OFFICER. The Senator from Missouri has the floor. Senators must speak one at a time.

Mr. CLARK of Missouri. Let me say to the Senator that the committee amendment proceeds on the theory that since something has been done which is absolutely illegal, according to the statement of the Senator from Ohio himself on yesterday, we have to recognize that action and should now establish it as a legal principle, with a very slight limitation, which, of course, can be wiped out by the governmental lobby any time it may wish to do so.

Mr. TAFT. The Senator refers only to section (c) of the committee amendment. The committee amendment proposes the procedure the Senator advocates. It abolishes subsidies except for those authorized in (a) and (b). If the Senator does not like (c) which gives the R. F. C. money to do this, he can strike out (c), but the Senator's amendment simply abolishes all subsidies on the transportation of gasoline and all subsidies on the transportation of coal.

Mr. CLARK of Missouri. That is precisely what the amendment of the Senator from Missouri is intended to do.

Mr. MURDOCK, and Mr. JOHNSON of Colorado addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Missouri yield; and if so, to whom?

Mr. CLARK of Missouri. I yield first to the Senator from Utah.

Mr. MURDOCK. Mr. President, recurring to the question of the subsidies on copper, lead and zinc, let me say that I checked the matter with the counsel of the Metals Reserve Company of the R. F. C., who informed me that if subsection (e) of section 2 should be repealed it would destroy their subsidy programs as to copper, lead, and zinc, because that program is predicated on that section.

Mr. CLARK of Missouri. Then, I am in favor of repealing the subsidy on copper, lead, and zinc and restoring it by appropriate legislation. I am in favor of stopping the very ruinous policy which is now being pursued by the Government through the R. F. C. and the O. P. A. of expanding a subsidy which was intended to be a subsidy for production and to use it as authority for general price control subsidies, no matter what the cost may be. I would be in favor of granting

authority for a subsidy for production in accordance with the announced intention of section 2 (e) when it was before the Senate.

Mr. JOHNSON of Colorado. Mr. President—

Mr. CLARK of Missouri. I yield to the Senator from Colorado.

Mr. JOHNSON of Colorado. I have talked with Mr. Henderson, of the R. F. C., who tells me that if the amendment proposed by the Senator from Missouri should prevail the subsidy on strategic metals would be completely wiped out; that subsidies which have been paid on the transportation of oil and coal to New England and other sections would be completely wiped out, and that the war effort would be very drastically interfered with.

Mr. CLARK of Missouri. I have great respect for Charlie Henderson; I am very fond of him. Of course, I know Charlie Henderson's interest in the mining business, and I do not wish to reflect on him in any way; but I say that it is not necessary for us to maintain on the statute books a section which can be perverted as section 2 (e) has been and is being perverted, in order to protect the subsidies which are properly being granted and have been properly granted to strategic minerals and to other necessary elements in order to increase production.

The Senator from Alabama yesterday, so far as agricultural commodities are concerned—and certainly there has never been a more expert special pleader in Congress since I have been a Member of it than the Senator from Alabama, and I have great respect for his ability in that regard—was able to mention only about two commodities. One was soybeans. I ask him what the other was.

Mr. BANKHEAD. I mentioned three at least—soybeans, peanuts, and flaxseed.

Mr. CLARK of Missouri. Yes; soybeans, peanuts, and flaxseed, the desirability of protecting which by subsidies no one can controvert, because they are commodities which might otherwise be produced at a loss and which are essential; but because those three agricultural commodities require a production subsidy it is now seriously proposed that we must leave upon the statute books a section, asserted by some law clerk in the Department of Justice, which view is adopted by the Attorney General of the United States, to authorize a general roll-back subsidy and price control. I say, Mr. President, it does not make sense.

As I said a while ago, and as I now repeat, I am one of those old-fashioned people who believe in the old, but apparently discarded, maxim that a straight line is the shortest distance between two points. I think, if the Congress of the United States is opposed, as I believe an overwhelming majority of it is, to wiping out private enterprise, and is opposed to Government control of agriculture, Government control of mines, and Government control of small business, that the way to reach that objective is directly by striking out the alleged authority under which the O. P. A. and the R. F. C. are proceeding.

Mr. President, I have talked to the Senator from Vermont [Mr. AIKEN]; I am certain that he and I are driving at the same objective; but I have studied his amendment, and restudied it, and restudied it, and restudied it, to the very best of the ability God has given me to read anything—and I think I understand the English language pretty well—and I am very frank to say that I do not understand what the amendment of the Senator from Vermont would do. A dozen Senators today have asked me what would be the effect of the amendment of the Senator from Vermont, and I have not been able to tell them. I listened attentively to the Senator from Vermont himself and he has not been able to tell me. Therefore, it seems to me that to reach the objective of stopping the subsidies, if that is what we want to do, leaving the possibility for private enterprise in this country on the farm and in other places to survive, the thing to do is to strike out section 2 (e), and then reenact in separate legislation a carefully guarded subsidy for production, which was the only justification for the inclusion of section 2 (e) in the law in the first place.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Missouri [Mr. CLARK] to the committee amendment.

Mr. McKELLAR. Mr. President, I understand it will hardly be possible to get a vote on the pending bill this afternoon, and there are two conference reports involving appropriations which I should like to have taken up and disposed of, if possible, so the appropriation bills may finally be passed.

Mr. McNARY. Mr. President, it is my opinion, after some survey, that the Senate could not reach a vote on the final passage of the pending bill today. We probably could dispose of the amendment offered by the able Senator from Missouri. I thought we were about ready for a vote on that amendment. I think it is our duty to give way to conference reports on appropriation bills, because of the very early date when, under our fiscal policy, it will be necessary to reenact present appropriations if the bills should fail. I am perfectly willing to give way.

Mr. McKELLAR. If it is possible to get a vote on the amendment, it will be all right with me.

Mr. CLARK of Missouri. I do not know whether any other Senator desires to speak on the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Missouri [Mr. CLARK] in the nature of a perfecting amendment to the committee amendment.

Mr. TAFT. Mr. President, I merely wish to point out that the amendment of the Senator from Missouri would invalidate all subsidies on the transportation of gasoline and oil to the Atlantic coast, it would entirely upset the price structure of gasoline and oil, it would abolish subsidies on coal to New England, and it would therefore increase the cost of all New England manufacture.

It would abolish the subsidies on copper and on many other metals.

It seems to me the method pursued by the Senator, regardless of the question of principle, is the wrong one to follow. I insist that the way the committee has gone about the matter is the right way, that is, first to say that there shall be no subsidies except certain ones which are listed, and then to list them.

We listed the transportation subsidy, then we listed the metal subsidy, and then we listed a money limitation to the R. F. C. If the Senate does not want that money provision regarding the R. F. C., the way to handle it is to strike out subsection (c). It is not best merely to abolish all subsidies, which have become a basic feature in the use of coal and oil and gas and metal in the United States.

Therefore, Mr. President, I think the amendment should be defeated. I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. BANKHEAD. Mr. President, I wish to see if we cannot reach an agreement for a limitation of time on the bill. However, at the suggestion of the Senator from Georgia, I withhold the request.

Mr. GEORGE. Mr. President, I do not wish to discuss the merits of the amendment, except to say that insofar as accomplishing what the Senator from Missouri and other Senators have in mind is concerned, my judgment is that if we adopt the amendment it will effectively carry out the purpose.

The bill will have to pass the House, and it will pass the House, but in a pretty stringent form, according to available information. So that if the amendment shall be agreed to, it certainly will, in finishing its course through the House, take care of those subsidies which are purely production subsidies. The transportation subsidies, and the subsidies on strategic minerals and metals, can be cared for. Perhaps it would be better if such a provision were written into the amendment, but so far as I am concerned, I merely wish to say that I am ready to vote for the amendment. I know those matters will be cared for.

So far as any of the benefit payments which go to agriculture or agricultural products under other acts are concerned, they are not even affected by the amendment. The amendment relates only to section 2 (e) of the Emergency Price Control Act of 1942.

Mr. WHERRY. Will the Senator yield?

Mr. GEORGE. I yield.

Mr. WHERRY. If the amendment shall be agreed to, will it in any way affect the subsidy paid on sugar beets?

Mr. GEORGE. Not at all. It does not affect any agricultural benefit payments at all. It is related solely to the acts which are done under section 2 (e) of the Price Control Act.

Mr. WHEELER. Will the Senator further yield?

Mr. GEORGE. I yield.

Mr. WHEELER. I was about to say to the Senator that I concur entirely in the statement he has made. I shall vote for the Clark amendment, assuming that

when the matter gets to conference it will be straightened out, so that the suggestions which the Senator has made will be taken care of, and I have not the slightest doubt they will be.

The PRESIDING OFFICER. The yeas and nays have been ordered.

Mr. CLARK of Missouri. I suggest the absence of a quorum.

Mr. JOHNSON of Colorado. Mr. President—

Mr. CLARK of Missouri. I withdraw the suggestion.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Missouri in the nature of a perfecting amendment to the amendment of the committee.

Mr. O'MAHONEY. Mr. President, I understood the Senator from Missouri to suggest the absence of a quorum.

The PRESIDING OFFICER. The Chair understood the Senator to withdraw the suggestion.

Mr. O'MAHONEY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum having been suggested, the clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Hatch	Reed
Andrews	Hawkes	Revercomb
Ball	Hayden	Reynolds
Bankhead	Hill	Robertson
Bilbo	Holman	Scruggs
Bone	Johnson, Colo.	Shipstead
Brewster	Kilgore	Smith
Bridges	La Follette	Stewart
Brooks	Langer	Taft
Buck	Lodge	Thomas, Idaho
Burton	McCarran	Thomas, Okla.
Butler	McClellan	Thomas, Utah
Byrd	McFarland	Tobey
Capper	McKellar	Truman
Caraway	McNary	Tunnell
Chandler	Maloney	Tydings
Chavez	Maybank	Vandenberg
Clark, Mo.	Mead	Van Nuys
Connally	Millikin	Wagner
Davis	Moore	Wallgren
Downey	Murdoch	Walsh
Eastland	Murray	Wheeler
Ferguson	Nye	Wherry
George	O'Daniel	White
Gerry	O'Mahoney	Wiley
Green	Overton	Willis
Guffey	Pepper	Wilson
Gurney	Radcliffe	

The PRESIDING OFFICER. Eighty-three Senators having answered to their names, a quorum is present.

Mr. O'MAHONEY. Mr. President, I was very much impressed by the statement made a moment ago by the Senator from Ohio that the adoption of the pending amendment would endanger the economic system of the country so far as it is now dependent upon subsidies for the distribution of oil and other materials, and so far as the war production plan is concerned by the payment of subsidies for the mining of copper and other minerals.

I am not at all satisfied that we can idly dismiss these matters by the statement that they can be taken care of somewhere else, in conference, or perhaps in the House. If these matters are to be taken care of, they should be taken care of here, it seems to me.

One part of the provision which is to be stricken out by the amendment of the

distinguished Senator from Missouri reads as follows:

Provided, That in the case of any commodity which has heretofore or may hereafter be defined as a strategic or critical material by the President pursuant to section 5d of the Reconstruction Finance Corporation Act, as amended, such determinations shall be made by the Federal Loan Administrator, with the approval of the President, and, notwithstanding any other provision of this Act or of any existing law, such commodity may be bought or sold, or stored or used, and such subsidy payments to domestic producers thereof may be paid, only by corporations created or organized pursuant to such section 5d.

Section 5d was written into the law for the express purpose of enabling the Reconstruction Finance Corporation to stimulate the production of materials highly necessary in the prosecution of the war. Before I can make up my mind as to how to vote upon this matter I wish to be sure what the effect of the proposed action will be upon that provision.

Mr. CLARK of Missouri. Will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. CLARK of Missouri. If the Senator will offer an amendment to my amendment providing in terms what he has just read from the law, I shall be glad to accept it. My amendment is not in any degree or to any extent whatever intended to interfere with the present provisions as to transportation or as to production of strategic materials. My amendment is entirely directed to the end of stopping the infamous usurpation of authority in the way of roll-back or subsidies on agricultural commodities. It is not intended in any way, I will say to the Senator from Wyoming, to apply to the production of strategic materials. If the Senator will offer such an amendment, I will, so far as I am concerned, be very glad indeed to accept it, because my amendment was not directed at such a situation as he has presented.

Mr. O'MAHONEY. Mr. President, I am very glad to have that statement by the Senator from Missouri. It tends, I think, to clarify the situation materially. I want the Senate to understand, however, as we all know, that many Members of this body have come from committee meetings to the Chamber at this moment in response to the quorum call. The Committee on Appropriations has been meeting morning and afternoon. There is a meeting in progress now at which I should be present, and at which I want to be present. It is almost impossible to write offhand such an amendment as the Senator says he would be quite willing to receive, but I should be very glad to undertake to write it and present it later. Certainly if we are going to have the vote immediately that cannot be done.

Mr. CLARK of Missouri. Mr. President, let me say to the Senator from Wyoming that, so far as I am concerned, I am perfectly willing for the vote to be postponed temporarily. I was not pressing for a vote. I had expressed myself in favor of my amendment, and at the conclusion of my remarks no Senator seemed to desire to pursue the matter

further. So far as I am concerned I am not pressing for a vote at this time.

I should like to say further to the Senator in connection with what he has said, that I realize that many Senators are busy in committee. I have done everything I possibly could to familiarize the Senate with the provisions of my amendment. I introduced it first in the form of a separate bill, and then I offered it at this time as an amendment to the committee amendment to the bill. I have done everything I possibly could to familiarize Senators with the purposes of my amendment.

Mr. McCARRAN, Mr. MALONEY, and Mr. McNARY addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Wyoming yield, and if so to whom?

Mr. O'MAHONEY. The Senator from Connecticut has repeatedly asked me to yield, and the Senator from Nevada [Mr. McCARRAN] wants to file a report from the Appropriations Committee. I yield to the Senator from Nevada for that purpose first, and then I shall yield to the Senator from Connecticut, after which I shall yield to the Senator from Oregon.

REPORT OF COMMITTEE ON APPROPRIATIONS—LABOR DEPARTMENT AND FEDERAL SECURITY APPROPRIATIONS

Mr. McCARRAN. Mr. President, from the Committee on Appropriations I report back favorably with amendments the bill (H. R. 2935) making appropriations for the Department of Labor, the Federal Security Agency, and related independent agencies, for the fiscal year ending June 30, 1944, and for other purposes, and I submit a report (No. 342) thereon.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Megill, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 1648) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1944, and for other purposes.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 2798) to amend the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes," approved July 11, 1916, as amended and supplemented, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. ROBINSON of Utah, Mr. WHITTINGTON, and Mr. WOLCOTT were appointed managers on the part of the House at the conference.

CONTINUATION OF COMMODITY CREDIT CORPORATION

The Senate resumed the consideration of the bill (S. 1108) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the an-

nual appraisal of its assets, and to provide for an audit by the General Accounting Office of the financial transactions of the Corporation, and for other purposes.

Mr. O'MAHONEY. I now yield to the Senator from Connecticut.

Mr. MALONEY. Mr. President, I attempted to get the floor in my own right at the time the Senator from Wyoming obtained the floor. When I entered the Chamber I came from a very important meeting of the Appropriations Committee. We were completing work on the bill just reported from that committee by the Senator from Nevada [Mr. McCARRAN].

I am greatly concerned about the pending amendment. I am very fearful of its consequences. It would probably hit the section of the country whence I come more than any other section. Last year, after very careful deliberation, the Senate agreed that the Reconstruction Finance Corporation should provide subsidies in connection with the transportation of coal and oil. I should have discussed this matter earlier had I been present, and, as I said a moment ago, I attempted to obtain the floor as soon as I came to the Chamber, in order to point out that if the amendment, as presently drawn, should prevail, it would not only wipe out transportation subsidies affecting coal and oil, but would place many industries at a time when they are contributing so much to the war program, at a terrific disadvantage compared with industries in other localities.

The Senate almost in its entirety has long since agreed with respect to those particular subsidies. I share the feeling of the Senator from Wyoming, to whom I am grateful for having yielded to me, that it is next to impossible hurriedly to draft an amendment which might provide the protection so sorely needed. Unless time shall be given to prepare such an amendment, I hope that the amendment offered by the Senator from Missouri may be rejected, because its consequences, if it should be adopted, would be very serious and harmful to the war program.

Mr. McNARY. Mr. President—

Mr. O'MAHONEY. I promised I would yield to the Senator from Oregon, and I yield the floor.

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. McNARY. I do not ask to obtain the floor. I wish only to offer a suggestion. I see the difficulties under which the able Senator from Wyoming, and the able Senator from Connecticut, and others are laboring. I also realize that two conference reports are about to be presented. I wish to suggest to my distinguished friend across the aisle, the acting majority leader, that we now postpone further consideration of the pending bill, and proceed to consider the conference reports, after which I propose that when the Senate takes a recess it meet tomorrow at 11 o'clock a. m. Does that meet with the Senator's approval?

Mr. O'MAHONEY. Mr. President, I think that would be a very happy solution.

Mr. McKELLAR. I hope that will be done.

Mr. HILL. Mr. President, the Senator from Tennessee [Mr. McKELLAR] is anxious to proceed to consideration of two conference reports. While I have the floor let me say that the Senate must consider these two conference reports, and also must dispose of the pending bill, as well as dispose of the appropriation bill which has just been reported by the senior Senator from Nevada [Mr. McCARRAN] making appropriations for the Labor Department and the Federal Security Administration. We may have other measures from the Appropriations Committee to consider. As matters now stand I wish to say that it is entirely possible, perhaps I should say probable, that we will have a Saturday session.

Mr. McNARY. Oh, yes.

Mr. MALONEY. It is about certain, is it not?

Mr. HILL. I should say, as matters now stand, it is quite certain we shall be obliged to have a Saturday session.

Mr. GEORGE. I offer, and ask to have printed and lie on the table, an amendment to the pending amendment offered by the Senator from Missouri [Mr. CLARK], to add at the end thereof the following language:

Provided further, That the Reconstruction Finance Corporation is authorized to borrow money and pay (a) to shippers of commodities or others the increased costs of transportation resulting from the war emergency, and (b) to pay subsidies relating to, or purchase for the purpose of selling at a loss, strategic and critical materials necessary to the manufacture of equipment and munitions of war for the United States Government or any of the United Nations, and to subsidize the high cost production of minerals to increase the production thereof.

Mr. President, I should like to say that the language in this amendment is taken bodily from the amendment intended to be proposed by the Senator from Alabama [Mr. BANKHEAD] on behalf of the Committee on Banking and Currency, to take care of the two particular features of the bill to which the Senator from Wyoming and others have referred.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. CLARK of Missouri. I should like to say that, so far as I am concerned, the proposed amendment is entirely agreeable to me. I should like to have the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Colorado [Mr. JOHNSON], and the Senator from Connecticut [Mr. MALONEY], who are interested in the matter, discuss the proposal, but I assume the matter can go over until tomorrow.

Mr. GEORGE. I ask that my proposed amendment be printed and lie on the table.

The VICE PRESIDENT. The amendment presented by the Senator from Georgia will be printed and will lie on the table.

APPROPRIATIONS FOR THE TREASURY AND POST OFFICE DEPARTMENTS— CONFERENCE REPORT

Mr. McKELLAR submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on certain amendments of the Senate to the bill (H. R. 1648) making appropriations for the Treasury and Post Office Departments, for the fiscal year ending June 30, 1944, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its amendment to the amendment of the Senate numbered 1 and agree to the amendment of the Senate.

Amendment numbered 26: That the Senate recede from its disagreement to the amendment of the House to the amendment of the Senate numbered 26, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be stricken out and inserted by the said amendment and amendment thereto insert the following:

"SEC. 204. The Joint Committee on Investigation of Nonessential Federal Expenditures is hereby directed to make a study of the problem of penalty mail in all of the departments and branches of the Government, with a view to eliminating unnecessary volume and reducing costs, and shall report its findings and recommendations by bill or otherwise to Congress not later than the first day of the next regular session of the Seventy-eighth Congress. The departments and agencies of government shall furnish such information and detail such personnel as may be requested by the Committee to assist in its investigation."

And the House agree to the same.

KENNETH McKELLAR,
PAT McCARRAN,
H. C. LODGE, Jr.,
WALLACE H. WHITE, Jr.,

Managers on the part of the Senate.

LOUIS LUDLOW,
EMMET O'NEAL,
GEORGE MAHON,
JAMES M. CURLEY,
JOHN TABER,
FRANK B. KEEFE,
HENRY C. DWORSHAK,

Managers on the part of the House.

The VICE PRESIDENT. The question is on agreeing to the conference report.

Mr. McNARY. Mr. President, let me ask what the report is?

Mr. McKELLAR. A report from the conference committee on the Treasury and Post Office appropriation bill. There are only two items still in difference between the two Houses.

Mr. McNARY. Is the report final?

Mr. McKELLAR. It is a final report. It is a report on the last two amendments remaining in difference.

Mr. President, let me explain to the Senate that two amendments in the bill have been widely controversial, holding up its final passage for 2 or 3 months or more. The first amendment is one relative to silver. Senators will recall it. The House inserted as an amendment to the appropriations bill a provision concerning silver and the uses of silver. The passage the other day of the bill of the distinguished Senator from Rhode Island [Mr. GREEN] satisfied the House, so far as the silver amendment was concerned, and after the bill of the Senator from Rhode Island was passed the House receded from its position on the amend-

ment. That is the report as to that matter.

The other amendment is in reference to use of the mails. The House inserted a provision, as I recall, that after January 1, all the departments and agencies of the Government should no longer use the mails free. After many conferences, private, public, secret, and of every other kind, we finally agreed that the question of use of the mails should be referred to the Joint Committee on Reduction of Nonessential Federal Expenditures, the committee known as the Byrd committee. I think that course is satisfactory to everyone.

The report was signed by all the conferees, and I think it is a very happy solution of the two matters. Mr. President, I ask that the conference report be considered and agreed to.

Mr. DOWNEY. Mr. President, let me inquire of the Senator from Tennessee whether the conference report is the one which deals with the inhibition against the employment of the three persons to whom reference has been made.

Mr. McKELLAR. No; Mr. President, it is not. I say to the Senator that I shall present that conference report in a few moments, but it has not as yet been reached.

Mr. DOWNEY. I thank the Senator.

The VICE PRESIDENT. Is there objection to the present consideration of the report? The Chair hears none, and, without objection, the report is agreed to.

URGENT DEFICIENCY APPROPRIATIONS— CONFERENCE REPORT

Mr. McKELLAR submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 2714) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1943, and for prior fiscal years and for other purposes, having met after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 60 and 61.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate to the amendment of the House to Senate amendment numbered 5, and agree to the same with an amendment as follows: Omit all of the matter proposed to be stricken out by such amendment and omit all of the matter proposed to be inserted in lieu thereof by action of the Senate and House of Representatives; and the Senate agree to the same.

KENNETH McKELLAR,
CARL HAYDEN,
MILLARD E. TYDINGS,
H. C. LODGE, Jr.,

Managers on the part of the Senate.

CLARENCE CANNON,
C. A. WOODRUM,
LOUIS LUDLOW,
J. BUELL SNYDER,
EMMET O'NEAL,
LOUIS C. RABAUT,
JOHN TABER,
R. B. WIGGLESWORTH,
W. P. LAMBERTSON,

Managers on the part of the House.

The VICE PRESIDENT. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. CLARK of Missouri. Mr. President, I shall suggest the absence of a quorum before a vote is taken on agreeing to the conference report.

Mr. McKELLAR. I ask the Senator to withhold suggesting the absence of a quorum until I have an opportunity to answer the question of the Senator from California.

Mr. DOWNEY. Yes; Mr. President, I desire to ask a question of the Senator from Tennessee.

Mr. McKELLAR. The conference report is the one to which the Senator from California has referred.

Mr. DOWNEY. I desire to make some remarks relative to the report.

Mr. McKELLAR. Of course, the Senator will have an opportunity to do so.

Mr. CLARK of Missouri. Mr. President, the matter seems to me a very important one. Therefore, I desire to suggest the absence of a quorum. I understand that the Senate conferees have receded from the position which was taken by the Senate by a unanimous vote, a vote of 69 to 0. It seems to me that the matter should be carefully considered by the Senate. Therefore, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Alken	Hatch	Reed
Andrews	Hawkes	Revercomb
Ball	Hayden	Reynolds
Bankhead	Hill	Robertson
Bilbo	Holman	Scrugham
Bone	Johnson, Colo.	Shipstead
Brewster	Kilgore	Smith
Bridges	La Follette	Stewart
Brooks	Langer	Taft
Buck	Lodge	Thomas, Idaho
Burton	McCarran	Thomas, Okla.
Butler	McClellan	Thomas, Utah
Byrd	McFarland	Tobey
Capper	McKellar	Truman
Caraway	McNary	Tunnell
Chandler	Maloney	Tydings
Chavez	Maybank	Vandenberg
Clark, Mo.	Mead	Van Nuys
Connally	Millikin	Wagner
Davis	Moore	Wallgren
Downey	Murdock	Walsh
Eastland	Murray	Wheeler
Ferguson	Nye	Wherry
George	O'Daniel	White
Gerry	O'Mahoney	Wiley
Green	Overton	Willis
Guffey	Pepper	Wilson
Gurney	Radcliffe	

The VICE PRESIDENT. Eighty-three Senators have answered to their names. A quorum is present.

Mr. McKELLAR. Mr. President, for the reason that the Senate voted unanimously in favor of its amendment as to the three so-called subversives, I have concluded to do something I do not often do, to read from a written document which I have prepared:

Mr. President, after weeks of conferences your committee has agreed with the House committee on the two items of difference that have held up the conference so long. The House has adopted the report, and it is here for the Senate's consideration at this time. The two items of difference are: First, the limitations on the appropriation for the salaries of Goodwin B. Watson, William E. Dodd, Jr., and Robert M. Lovett. The Senate

S. 1108

IN THE SENATE OF THE UNITED STATES

JUNE 24 (legislative day, MAY 24), 1943

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. JOHNSON of Colorado to the amendment proposed by Mr. CLARK of Missouri to the bill (S. 1108), to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and to provide for an audit by the General Accounting Office of the financial transactions of the Corporation, and for other purposes, viz: At the end of the said amendment insert the following:

- 1 On page 2, line 11, change the period to a colon and
- 2 add the following: "*Provided further*, That in the case of
- 3 any commodity which has heretofore or may hereafter be
- 4 defined as a strategic or critical material by the President
- 5 pursuant to section 5d of the Reconstruction Finance Cor-

1 poration Act, as amended, such determinations shall be made
2 by the Federal Loan Administrator, with the approval of the
3 President, and, notwithstanding any other provision of this
4 Act or of any existing law, such commodity may be bought
5 or sold, or stored or used, and such subsidy payments to
6 domestic producers thereof may be paid, only by corporations
7 created or organized pursuant to such section 5d; except that
8 in the case of the sale of any commodity by any such cor-
9 poration, the sale price therefor shall not exceed any maxi-
10 mum price established pursuant to subsection (a) of this
11 section which is applicable to such commodity at the time
12 of sale or delivery, but such sale price may be below such
13 maximum price or below the purchase price of such com-
14 modity, and the Administrator may make recommendations
15 with respect to the buying or selling, or storage or use, of
16 any such commodity. In any case in which a commodity is
17 domestically produced, the powers granted to the Adminis-
18 trator by this subsection shall be exercised with respect to
19 importations of such commodity only to the extent that, in
20 the judgment of the Administrator, the domestic production
21 of the commodity is not sufficient to satisfy the demand there-
22 for: *Provided further*, That the Reconstruction Finance Cor-
23 poration is authorized to borrow money and pay to shippers
24 of commodities or others the increased costs of transportation
25 resulting from the war emergency: *And provided further*,

1 That the Reconstruction Finance Corporation is authorized
2 to borrow money and to pay subsidies relating to, or pur-
3 chase for the purpose of selling at a loss, strategic and critical
4 materials necessary to the manufacture of equipment and
5 munitions of war for the United States Government or any
6 of the United Nations, and to subsidize the high cost pro-
7 duction of minerals to increase the production thereof.”

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JUNE 24 (legislative day, MAY 24), 1943

Ordered to lie on the table and to be printed

78TH CONGRESS
1ST SESSION

S. 1108

IN THE SENATE OF THE UNITED STATES

JUNE 24 (legislative day, MAY 24), 1943

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AMENDMENT

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- 1 At the end of the said amendment insert the following:
- 2 “: *Provided further*, That the Reconstruction Finance Cor-
- 3 poration is authorized to borrow money and pay (a) to
- 4 shippers of commodities or others the increased costs of
- 5 transportation resulting from the war emergency and (b) to
- 6 pay subsidies relating to, or purchase for the purpose of

1 selling at a loss, strategic and critical materials necessary to
 2 the manufacture of equipment and munitions of war for the
 3 United States Government or any of the United Nations,
 4 and to subsidize the high cost production of minerals to
 5 increase the production thereof."

78TH CONGRESS
1ST Session

S. 1108

AMENDMENT

Intended to be proposed by Mr. George to the amendment proposed by Mr. Clark of Missouri to the bill (S. 1108) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and to provide for an audit by the General Accounting Office of the financial transactions of the Corporation, and for other purposes.

JUNE 24 (legislative day, MAY 24), 1943

Ordered to lie on the table and to be printed

DIGEST OF PROCEEDINGS OF CONGRESS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE
(Issued June 26, 1943, for actions of Friday, June 25, 1943)

(For staff of the Department only)

Contents

Adjournment.....16	G.A.O.....6	Research.....17
Appropriations....2,3,7,13	Grazing.....40	Second deficiency appro- priation bill.....34
Claims.....4	Housing.....12,38	Small business.....37
Commodity Credit....1,6,33	Labor.....5	State, Justice, Commerce appropriation bill..13
Corn.....6	Labor, farm.....16	Subsidies ..1,6,8,15,25,30,31,33
Dairy industry.....	Labor standards.....39	Trade-marks.....14
.....7,13,30,36,42	Latin-America.....13	Transportation..23,26,41
D. C. appropriation bill..	Livestock.....28,29	Urgent deficiency appro- priation bill.....2
.....7,32	Milk.....7	Victory gardens.....7
Economy.....21	Olcorargarine.....13	War damage.....19
Emergency fund.....2	Parity.....6	War Department military appropriation bill...3
Farm Security.....22	Penny-milk program.....7	War relocation.....35
Fats and oils.....6,44	Personnel.....27	Wheat-feed.....6
Feed.....6,29	Petroleum.....23	Wildlife conservation.10
Flood control.....11	Price control.....	Women's Army Auxiliary Corps.....9
Food-conservation.....7	6,8,15,25,29,33,42	
Food distribution.....7,23	Priorities.....44	
Food processing.....7,43	Property disposition...20	
Food production.....	Purchasing.....45	
.....1,7,8,23,24,28	Rationing.....43	
Forestry.....39,42	Reclamation.....11,24	
Freight rates.....26		

SENATE

1. Commodity Credit; subsidies. Continued debate on S. 1108, to increase CCC's borrowing power, continue it as a U. S. agency, etc. (pp. 6538-38). Most of the discussion was on various amendments to limit or prohibit subsidies. Agreed to vote on the Clark amendment (prohibiting subsidies) today at 1 p. m. (p. 6588). Sen. O'Mahoney, Wyo., announced his intention of proposing an amendment to prohibit subsidies except when approved by the War Food Administrator and only to increase food production, to limit subsidies to "the amount recommended by the Director of the Bureau of the Budget and approved by the Congress", and to permit payments of subsidy commitments (p. 6567).
The House bill on this subject, H. R. 2869, was not referred to Committee but was ordered to lie on the table (p. 6584).
2. Urgent deficiency appropriation bill. Sens. McKellar, Glass, Hayden, Tydings, Russell, Nye, and Lodge were appointed Senate conferees on this bill, H. R. 2714, for a further conference on the amendments regarding the President's emergency fund and the salaries of 3 employees (p. 6561).
Reps. Cannon of Mo., Woodrum of Va., Ludlow, Snyder, O'Neal, Rabaut, Johnson of Okla., Taber, Wigglesworth, Lambertson, and Ditter were appointed House conferees (p. 6600).
3. War Department military appropriation bill. Appropriations-Committee reported with amendments this bill, H. R. 2996 (S. Rept. 357)(p. 6539).
4. Claims. Received from the President supplemental appropriation estimates for

judgments rendered by the Court of Claims (S. Doc. 79), damages to privately owned property (S. Doc. 83), and claims allowed by G. A. O. (S. Doc. 84). To Appropriations Committee. (pp. 6537-38.)

5. Labor. Both Houses received the President's veto message on S. 796, the Connally-Smith anti-strike and plant-seizure bill (S. Doc. 75) and overrode the veto (Senate, 56-25; House, 244-108) (pp. 6568-69, 6628, 6630-31). The bill thus became law (number not yet available).

The act gives the President statutory authority to seize war facilities; provides for maintaining existing terms and conditions of employment except as directed by the War Labor Board; makes it a criminal offense to instigate, direct, or aid a strike in a Government-operated plant or mine; gives WLB statutory authority and defines its powers; prohibits strikes in private war plants until a vote of the workers is taken 30 days after notice is given; and prohibits labor-union contributions to Federal election campaigns.

HOUSE

6. Commodity Credit. Passed with amendments H. R. 2869, to increase CCC's borrowing power, continue it as a U. S. agency, etc. (pp. 6591-6600, 6602-30).

Agreed to an amendment in the nature of a substitute for Sec. 6, by Rep. Wolcott, Mich., prohibiting the use of CCC's or any other agency's funds for subsidy payments to any producer or processor of any agricultural commodity, including livestock and dairy products, (1) for reduction or roll-back prices, (2) as a substitute for increased maximum or support prices, or (3) to maintain any maximum price already or hereafter established; permitting wheat-feed sales at not less than parity price of corn and maximum price adjustments on competitive domestic vegetable fats and oils to maintain adequate war production; and prohibiting establishment of any maximum price which will reflect to the producer a price below the support price or below the higher of the maximum prices provided in Sec. 3, Public Law 729, 77th Cong. (pp. 6628-30).

Rejected amendments by Rep. Smith, Ohio, to strike the section increasing the borrowing power of CCC from \$2,650,000,000 to \$3,150,000,000, and (70-82), to provide for an annual GAO audit of the books and transactions of CCC (pp. 6626-27).

7. D. C. appropriation bill. Received the conference report on this bill, H.R. 2513 (pp. 6600-02). The conferees reported in disagreement the Senate amendment providing for \$75,000 to carry out a penny-milk program, including the purchase and distribution of milk under agreements with this Department, and for the carrying out of a food-conservation program, including the supervision of Victory gardens and the canning of the products thereof.

8. Price control; subsidies. Rep. Dondorp, Mich., criticized the roll-back and subsidy program and inserted telegrams from 2 farmers' organizations on this subject claiming it "is interfering with crop production" (p. 6591).

9. Women's Army Auxiliary Corps. Agreed to the conference report on S. 495, to place the Women's Army Auxiliary Corps in the Army of the U. S. (p. 6590). The Senate has not acted on the report.

10. Wildlife conservation. Agreed to Senate amendments to H.R. 332, to revise the Alaska game law, striking out "game fish" in certain sections to permit the catching of fish by Indians and members of the armed forces (pp. 6632-33). This bill will now be sent to the President.



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of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 78th CONGRESS, FIRST SESSION

Vol. 89

WASHINGTON, FRIDAY, JUNE 25, 1943

No. 119

Senate

(Legislative day of Monday, May 24, 1943)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

Our Father God, in a world filled with the clamor of those whose trust is in violence and with the boasting of those who reckon not with the ultimate supremacy of forces unseen and eternal, we come seeking fortitude and stability as we rest our souls in those final and vital things stronger than the noise of the world. Confront us, we beseech Thee, with a vision of Thy majesty that we may be stripped of pride and made humble and penitent.

Save us from being victims of the apparent and the transient. Give us the steady confidence that behind the unchartered riot of today there hides a power whose invisible energy is the real master of the field. May we keep that faith even when the obtrusive circumstances of the hour shriek against that creed. And so in dark and dangerous days may we still be able to utter our glad and grateful confidence: *"Though an host should encamp against me, my heart shall not fear; though war should rise against me, in this will I be confident: The Lord is my light and my salvation; whom shall I fear? The Lord is the strength of my life; of whom shall I be afraid?"* Amen.

THE JOURNAL

On request of Mr. HILL, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Thursday, June 24, 1943, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. HILL. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The CHIEF CLERK called the roll, and the following Senators answered to their names:

Aiken	Bridges	Caraway
Andrews	Brooks	Chavez
Ball	Buck	Clark, Mo.
Bankhead	Burton	Connally
Bilbo	Butler	Davis
Bone	Byrd	Downey
Brewster	Capper	Eastland

Ellender	McNary	Smith
Ferguson	Maloney	Stewart
George	Maybank	Taft
Gerry	Mead	Thomas, Idaho.
Green	Millikin	Thomas, Okla.
Guffey	Moore	Thomas, Utah
Gurney	Murdock	Tobey
Hatch	Murray	Truman
Hawkes	Nye	Tunnell
Hayden	O'Daniel	Tydings
Hill	O'Mahoney	Vandenberg
Holman	Overton	Van Nuys
Johnson, Colo.	Pepper	Wagner
Kilgore	Radcliffe	Wallgren
La Follette	Reed	Walsh
Langer	Revercomb	Wheeler
Lodge	Reynolds	Wherry
McCarran	Robertson	White
McClellan	Russell	Wiley
McFarland	Scrugham	Willis
McKellar	Shipstead	Wilson

Mr. HILL. I announce that the Senator from Virginia [Mr. GLASS], the Senator from Kentucky [Mr. BARKLEY], and the Senator from Louisiana [Mr. ELLENDER] are absent from the Senate because of illness.

The Senator from North Carolina [Mr. BAILEY], the Senator from Idaho [Mr. CLARK], and the Senator from Illinois [Mr. LUCAS] are detained on important public business.

The Senator from Iowa [Mr. GILLETTE] is necessarily absent.

The junior Senator from Kentucky [Mr. CHANDLER] is absent, having been directed by the Committee on Military Affairs, as a subcommittee of one, to visit the hospital ship which recently reached New York from Africa.

Mr. McNARY. The Senator from Vermont [Mr. AUSTIN] and the Senator from New Jersey [Mr. BARBOUR] are necessarily absent.

The Senator from South Dakota [Mr. BUSHFIELD] is absent on official business as a member of the Indian Affairs Committee.

The Senator from California [Mr. JOHNSON] is absent because of illness.

The VICE PRESIDENT. Eighty-four Senators have answered to their names. A quorum is present.

EXECUTIVE COMMUNICATIONS

The VICE PRESIDENT laid before the Senate the following communications, which were referred as indicated:

SUPPLEMENTAL ESTIMATE FOR WAR DEPARTMENT—IMPROVEMENT OF EXISTING RIVER AND HARBOR WORKS (S. Doc. No. 76)

A communication from the President of the United States, transmitting a supplemental estimate of appropriation, fiscal year 1944, for the War Department, for the improvement of existing river and harbor works, to remain available until expended, amounting to \$7,095,000 (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

ESTIMATE FOR FEDERAL WORKS AGENCY, PUBLIC ROADS ADMINISTRATION (S. Doc. No. 77)

A communication from the President of the United States, transmitting an estimate of appropriation, fiscal year 1944, in the amount of \$12,000,000 for the Federal Works Agency (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

JUDGMENTS RENDERED AGAINST THE GOVERNMENT BY A DISTRICT COURT IN A SPECIAL CASE (S. Doc. No. 78)

A communication from the President of the United States, transmitting, pursuant to law, records of judgments rendered against the Government by a district court in a special case, requiring an appropriation of \$19,864.80, together with an indefinite appropriation to pay interest (with accompanying papers); to the Committee on Appropriations and ordered to be printed.

JUDGMENTS RENDERED BY THE COURT OF CLAIMS (S. Doc. No. 79)

A communication from the President of the United States, transmitting, pursuant to law, a schedule of judgments rendered by the Court of Claims and requiring an appropriation for their payment, amounting to \$486,486.20 (with accompanying papers); to the Committee on Appropriations and ordered to be printed.

JUDGMENT RENDERED AGAINST THE GOVERNMENT BY DISTRICT COURTS (UNDER THE NAVY DEPARTMENT) (S. Doc. No. 80)

A communication from the President of the United States, transmitting, pursuant to law, a record of judgment rendered against the Government by the district courts requiring an appropriation of \$6,688.72 together with an indefinite appropriation to pay interest (with accompanying papers); to the Committee on Appropriations and ordered to be printed.

ESTIMATE OF APPROPRIATION TO PAY CLAIM FOR DAMAGES BY COLLISION, ETC., INCIDENT TO OPERATION OF A COAST GUARD VESSEL (S. Doc. No. 81)

A communication from the President of the United States, transmitting an estimate

of appropriation submitted by the Navy Department to pay a claim for damages by collision or damages incident to the operation of a vessel of the United States Coast Guard, in the sum of \$142.70 (with accompanying papers); to the Committee on Appropriations and ordered to be printed.

CLAIMS FOR DAMAGES BY COLLISION, ETC., INCIDENT TO OPERATION OF NAVAL VESSELS (S. Doc. No. 82)

A communication from the President of the United States, transmitting an estimate of appropriation submitted by the Navy Department to pay claims for damages by collision or damages incident to the operation of vessels of the Navy, in the sum of \$8,977.32, which have been considered and adjusted under the provisions of law and require an appropriation for their payment (with accompanying papers); to the Committee on Appropriations and ordered to be printed.

ESTIMATES OF APPROPRIATIONS TO PAY CLAIMS FOR DAMAGES TO PRIVATELY OWNED PROPERTY (S. Doc. No. 83)

A communication from the President of the United States, transmitting estimates of appropriations submitted by the several executive departments and independent offices to pay claims for damages to privately owned property, in the sum of \$6,154.95, which have been considered and adjusted under the provisions of law and require appropriations for their payment (with accompanying papers); to the Committee on Appropriations and ordered to be printed.

CLAIMS ALLOWED BY GENERAL ACCOUNTING OFFICE AS COVERED BY CERTIFICATES OF SETTLEMENT (S. Doc. No. 84)

A communication from the President of the United States, transmitting, pursuant to law, a schedule of claims amounting to \$117,251.89, allowed by the General Accounting Office, as covered by certificates of settlement the numbers of which are shown in the first column of said schedule under appropriations, the balances of which have been carried to the surplus fund under the provisions of law, and for the services of the several departments and independent offices (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

PROHIBITION OF LIQUOR SALES AROUND MILITARY CAMPS—PETITION

Mr. BONE. Mr. President, Mrs. Grace Cunningham, of Seattle, Wash., has sent to me a petition signed by 28 residents of the city of Seattle praying for the enactment of Senate bill 860, a bill dealing with the liquor question. I understand the bill is before the Committee on Military Affairs, and I assume that the proper disposition of the petition is to have it referred to that committee, and I ask that that be done, and also that the petition be printed in the RECORD without all the signatures attached thereto.

The VICE PRESIDENT. Without objection, the petition will be received and referred to the Committee on Military Affairs, and printed in the RECORD without all the signatures attached.

The petition is as follows:

To the Members of the Senate and House of Representatives of the Congress of the United States:

Whereas in the War Act of 1917, the Congress of the United States included legislation forbidding the exploitation of the men in the Army and the Navy by liquor and commercialized vice, even though liquor was then forbidden in any military unit; and

Whereas in the Selective Service Act the Congress of 1940 called the young men of the

present time to train for defense of our Nation if need be, and there now exists for these young defenders no defense from the activities of what Gen. George C. Marshall, Chief of Staff of the Army of the United States, referred to as "a sordid business for the accumulation of money," namely the traffic in alcoholic beverages, and since beer is now sold in the camps by Government authority, and since commercialized prostitution in camp areas threatens health, morals, and efficiency of service; Now therefore,

We, the undersigned citizens of Seattle, State of Washington, do respectfully petition you to vote for S. 860, as a contribution to a wholesome defense program and a reenactment of legislation similar to that of 1917 and so give to the young men of 1943 the protection their fathers had in 1917.

Mrs. ROSALIE ANDERSON.

WALLACE W. ANDERSON.

MYRA G. KENNEDY.

GRACE CUNNINGHAM

(And sundry other citizens of Seattle, Wash.).

AMENDMENT OF NATURALIZATION LAWS

Mr. WHERRY. Mr. President, I ask unanimous consent to present for appropriate reference and to have printed in the RECORD a letter addressed to me from Joseph Vacanti, president of the Order Sons of Italy in America, of the State of Nebraska, in which he states that the executive committee of that organization has studied House bills 1291 and 1941, pertaining to the amendment of the Nationality Act of 1940 and to the naturalization of certain persons, not citizens, whose sons or daughters have served with the land or naval forces of the United States, and that his organization is favorable to the passage of the bills.

There being no objection, the letter was received, referred to the Committee on Immigration and ordered to be printed in the RECORD, as follows:

ORDER SONS OF ITALY IN AMERICA,
Omaha, Nebr., June 21, 1943.

Hon. KENNETH WHERRY,
United States Senator,
Washington, D. C.

HONORABLE SIR: The executive committee of the Order Sons of Italy in America of the State of Nebraska has carefully examined both H. R. 1291 and 1941, the first of which pertains to the amendment to the Nationality Act of 1940, and the other to the permitting of the naturalization of certain persons, not citizens, whose sons or daughters have served with the land or naval forces of the United States.

We have examined these with care, as stated, because of the fact that there are many of our members throughout the State of Nebraska, and throughout the United States, who because of inability to speak or write the English language have been unable to pass the requirements of the immigration and naturalization laws so that they have been unable to receive the certificates of naturalization. These laws would cause them to become eligible for they have shown their loyalty by the reason that their sons and daughters are serving in the armed forces of the United States of America.

The executive committee is in full accord that such bills be passed, and in this manner is making its intention known to its constituents. It would be to the best interests of the Nation as a whole if such bills became law, and it is the desire of the executive committee that as representative of the State of Nebraska you vote for the passage of such bills, if in your mind you would be satisfied that their passage will not be in-

imical to the peace and welfare of the Nation.

Yours respectfully,

JOSEPH VACANTI, President.

THE SUBSIDY AND ROLL-BACK PROGRAM

Mr. WHERRY. Mr. President, I also ask consent to present a statement by the executive board of the Sioux City Milk Producers' Cooperative Association and also a resolution adopted at the fifteenth annual convention of the Nebraska Grain and Feed Dealers Association, held at Omaha, Nebr., relating to subsidies and roll-backs, which I request may be printed in the RECORD and lie on the table.

There being no objection, the statement and resolution were received and ordered to lie on the table and to be printed in the RECORD, as follows:

JUNE 24, 1943.

We urge you to put forth every effort to stem the tide of subsidies and get back to normal everyday business thinking. Let the crackpot economists and professors try their nefarious experiments in a more propitious time and not while we are fighting the greatest war in history.

We hope every Congressman in both Houses will keep their vested power given them by the people of this country insofar as is possible in these serious times and stop such unwarranted experiments as subsidies.

The farmer merely wants to be left alone. Given the labor and equipment with God willing, without the hindrance of the devil and his helpers, he will yet feed the world.

Again urging your opposition to subsidies, we remain,

Yours sincerely,

SIoux CITY MILK PRODUCERS'
COOPERATIVE ASSOCIATION,
ALEC CHICOINE,
FRED KAMM,
J. L. STEVENSON,
E. R. PIKE,
H. BLIEL,

Executive Board.

RESOLUTION ADOPTED AT THE FIFTEENTH ANNUAL CONVENTION OF THE NEBRASKA GRAIN AND FEED DEALERS ASSOCIATION, HELD AT OMAHA, NEBR., JUNE 6 AND 7

Whereas the Office of Price Administration is about to institute a subsidy program rolling back the cost to consumers of meats, butter, and other food, the Nebraska Grain Dealers Association is unalterably opposed to any program of subsidizing consumers because such a program will have a tendency to curtail food production and increase black markets.

This program will bring about more Federal regulations of all private industries and will require another army of employees to administer when those employees are needed directly in the war effort. We consider the paying of a subsidy to consumers as illegal and not provided for under present law. The same consumer supposed to be helped under this proposal will ultimately have to pay his own bill through taxes. Private industry is already taxed to the breaking point by Government rules and regulations. Our efficiency and our ability to produce are already impaired by Government rules and regulations. We feel that we could perform a better service with less Government interference.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. STEWART, from the Committee on Claims:

S. 841. A bill for the relief of J. P. Woolsey; with an amendment (Rept. No. 343);

S. 1049. A bill to authorize the payment of additional compensation to special counsel in the case of *United States v. Standard Oil Co. of California*; with an amendment (Rept. No. 344);

H. R. 1081. A bill for the relief of Frank Borah; without amendment (Rept. No. 345); and

H. R. 2089. A bill for the relief of Jennie Walker; without amendment (Rept. No. 346).

By Mr. STEWART (for Mr. ELLENDER), from the Committee on Claims:

S. 560. A bill for the relief of Western Maryland Dairy, Inc.; without amendment (Rept. No. 347);

H. R. 1098. A bill for the relief of El Paso Electric Co.; without amendment (Rept. No. 348);

H. R. 1315. A bill for the relief of George Henry Bartole and Vernon Wayne Tennyson; without amendment (Rept. No. 349);

H. R. 1602. A bill for the relief of Robert N. Bickert; without amendment (Rept. No. 350); and

H. R. 2088. A bill for the relief of John Rhoden; without amendment (Rept. No. 351).

By Mr. WHERRY, from the Committee on Claims:

S. 770. A bill for the relief of Eddie Percle; with an amendment (Rept. No. 352);

H. R. 249. A bill for the relief of Gertrude Ricketts; without amendment (Rept. No. 353);

H. R. 1557. A bill for the relief of Robert H. Pulliam; without amendment (Rept. No. 354);

H. R. 1712. A bill for the relief of Sarah Ann Elizabeth Holliday Foxworth and Ethel Allene Brown Haberfeld; without amendment (Rept. No. 358); and

H. R. 1874. A bill for the relief of Robert P. Sick; with an amendment (Rept. No. 355).

By Mr. ROBERTSON, from the Committee on Claims:

S. 1101. A bill to provide for the payment of the claim of John C. Shaw, administrator de bonis non of the estate of Sydney C. McLouth, deceased, arising out of a contract between said deceased and the United States Shipping Board Emergency Fleet Corporation, for the construction of seagoing tugs; with an amendment (Rept. No. 356).

By Mr. THOMAS of Oklahoma, from the Committee on Appropriations:

H. R. 2996. A bill making appropriations for the Military Establishment for the fiscal year ending June 30, 1944, and for other purposes; with amendments (Rept. No. 357).

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

The following favorable reports of nominations were submitted:

By Mr. GEORGE, from the Committee on Finance:

Sundry assistant surgeons and passed assistant surgeons for promotion in the United States Public Health Service.

By Mr. REYNOLDS, from the Committee on Military Affairs:

Francis L. McNamee, from the State of Pennsylvania, to be regional manpower director at \$8,000 per annum in the Philadelphia regional office of the War Manpower Commission.

ELIMINATION OF PRIVATE SUITS FOR PENALTIES AND DAMAGES ARISING OUT OF FRAUDS AGAINST THE UNITED STATES—MINORITY VIEWS

Mr. LANGER, as a member of the Committee on the Judiciary, submitted minority views on the bill (H. R. 1203) to eliminate private suits for penalties and damages arising out of frauds against the United States, which were ordered to be printed (pt. 2 of Rept. No. 291).

BILL INTRODUCED

[Omitted from the proceedings of June 24, 1943]

Mr. MURRAY introduced a bill (S. 1268) to facilitate the termination of war contracts; which was read twice by its title and referred to the Committee on Military Affairs.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mrs. CARAWAY:

S. 1269. A bill to incorporate the Blue Star Mothers of America; to the Committee on the Judiciary.

By Mr. REYNOLDS:

S. 1270. A bill making a grant to William G. Holman to be used in conducting experimentation with respect to blue mold; to the Committee on Agriculture and Forestry.

By Mr. TOBEY:

S. 1271. A bill to extend gratuitously policies of insurance issued by the War Damage Insurance Corporation for 1 year; to the Committee on Banking and Currency.

By Mr. OVERTON:

S. J. Res. 69. Joint resolution to amend Public Law 45, Seventy-eighth Congress, approved April 29, 1943, with respect to the payment of old-age assistance under the Social Security Act without regard to income and resources arising from agricultural labor; to the Committee on Appropriations.

CONTINUATION OF COMMODITY CREDIT CORPORATION—AMENDMENT

Mr. O'MAHONEY submitted an amendment intended to be proposed by him to the bill (S. 1108) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and to provide for an audit by the General Accounting Office of the financial transactions of the Corporation, and for other purposes, which was ordered to lie on the table and to be printed.

THOMAS JEFFERSON BICENTENNIAL—EXERCISES AT UNIVERSITY OF VIRGINIA

Mr. BYRD. Mr. President, the Thomas Jefferson Bicentennial Commission, jointly with the Virginia Jefferson Bicentennial Commission, announces that a speech which will be delivered by the senior Senator from Kentucky [Mr. BARKLEY] on July 4 in honor of Thomas Jefferson will be broadcast from the University of Virginia over the blue network, starting at 4:30 p. m. A Nation-wide hook-up will be used.

Following the speech of the Senator from Kentucky from the university, a wreath will be placed on the grave of Thomas Jefferson at nearby Monticello.

The program will be conducted by Edward Boykin, executive secretary of the Thomas Jefferson Bicentennial Commission. Gov. Colgate W. Darden, of Virginia, will introduce the Senator from Kentucky.

The entire membership of the Virginia Jefferson Bicentennial Commission will be on hand to join in these exercises as will perhaps certain descendants of Thomas Jefferson. It is expected that the largest gathering of citizens of the community in years will attend inasmuch as 1943 is the two hundredth an-

niversary of the birth of Thomas Jefferson, while July Fourth is the one hundred and seventeenth anniversary of his death.

Mr. President, I ask unanimous consent to have printed in the body of the RECORD as a part of my remarks a tribute to Thomas Jefferson prepared by the Thomas Jefferson Bicentennial Commission.

There being no objection, the tribute was ordered to be printed in the RECORD, as follows:

TO THOMAS JEFFERSON—APRIL 13, 1743—JULY 4, 1826—A TRIBUTE

"I have sworn upon the altar of God eternal hostility against every form of tyranny over the mind of man."

We, the people of the United States of America, heirs of the incomparable struggle carried on by you and your compatriots for the liberation of the human mind and for the rights of man, humbly pay this tribute of affirmation in the hope that your ringing statement of beliefs will give courage and faith and tolerance to those who now fight the unending fight against the ancient forces of tyranny and cynicism and intolerance.

ON THE RIGHTS OF MAN

We affirm with you our belief in these self-evident truths: "That all men are created equal, that they are endowed by their Creator with certain unalienable rights; that among these are life, liberty, and the pursuit of happiness; that to secure these rights governments are instituted among men, deriving their just powers from the consent of the governed. (From the Declaration of Independence.)"

ON EDUCATION

We affirm with you our belief "That the most effectual means of preventing [tyranny] would be to illuminate, as far as practical, the minds of the people at large and more especially to give them knowledge of those facts, which history exhibiteth, that, possessed thereby of the experience of other ages and countries, they may be enabled to know ambition under all its shapes, and prompt to exert their natural powers to defeat all its purposes * * * whence it becomes expedient for promoting the public happiness that those persons, whom nature hath endowed with genius and virtue, should be rendered by liberal education worthy to receive, and able to guard the sacred deposit of the rights and liberties of their fellow citizens, and that they should be called to that charge without regard to wealth, birth, or other accidental condition or circumstance." (A bill for the more general diffusion of knowledge, 1779.)

ON A FREE PRESS

We affirm with you a belief in the need of a free press for a free people: "The only security of all is in a free press. The force of public opinion cannot be resisted, when permitted freely to be expressed. The agitation it produces must be submitted to. It is necessary to keep the waters pure. We are all, for example, in agitation even in our peaceful country. For in peace as well as in war, the mind must be kept in motion." (To Lafayette, 1823.)

ON RELIGIOUS LIBERTY

We affirm with you our belief that "Almighty God hath created the mind free, and manifested His supreme will that free it shall remain by making it altogether insusceptible of restraints; that all attempts to influence it by temporal punishments, or burthens, or by civil incapacitations, tend only to beget habits of hypocrisy and meanness. * * * That to compel a man to furnish contributions of money for the propagation of opinions which he disbelieves and abhors, is sinful and tyrannical * * * that our civil rights have no dependence on our religious opinions any more than our opinions in physics on

geometry * * * that the opinions of men are not the object of civil government, nor under its jurisdiction * * * and, finally, that truth is great and will prevail if left to herself, and has nothing to fear from the conflict unless by human interposition disarmed of her natural weapons, free argument, and debate; errors ceasing to be dangerous when it is permitted freely to contradict them." (From the Virginia bill for establishing religious freedom, 1779.)

ON THE STRENGTH OF REPUBLICAN GOVERNMENT

We affirm with you a profound belief in the strength of republican government founded on democratic principles: "I know indeed that some honest men have feared that a republican government cannot be strong; that this Government is not strong enough. But would the honest patriot, in the full tide of successful experiment, abandon a government which has so far kept us full and firm, on the theoretic and visionary fear that this Government, the world's best hope, may, by possibility, want enough to preserve itself? I trust not. I believe this, on the contrary, the strongest government on earth. I believe it the only one where every man, at the call of the law, would fly to the standard of the law; would meet invasions of public order, as his own personal concern." (Inaugural Address, 1801.)

ON FAITH IN THE PEOPLE

We affirm with you our belief in the capacity of the people: "Every government degenerates when trusted to the rulers of the people alone. The people themselves therefore are its only safe depositories. And to render them safe, their minds must be improved to a certain degree. This indeed is not all that is necessary, though it be essentially necessary. An amendment of our Constitution must here come in aid of the public education. The influence over government must be shared among all the people. If every individual which composes their mass participates of the ultimate authority, the Government will be safe; because the corrupting the whole mass will exceed any private resources of wealth; and public ones cannot be provided but by levies on the people. The way to have a good and safe government is not to trust it all to one, but to divide it among the many, distributing to every one exactly the functions he is competent to." (Notes on Virginia.)

ON TYRANNICAL GOVERNMENT

We affirm, in the face of unparalleled examples, our agreement with your abhorrence of government by tyranny: "To have an idea of the curse of existence under [governments of force], they must be seen. It is a government of wolves over sheep." (Letter to James Madison, 1787.)

ON THE BILL OF RIGHTS

We affirm with you the belief "That a bill of rights is what the people are entitled to against every government on earth, general or particular, and what no just government should refuse, or rest on inferences." (Letters to James Madison, 1787.)

ON FIGHTING FOR LIBERTY

We affirm with you our determination to carry on to our last breath today's fight for freedom: "We most solemnly, before God and the world, declare that, exerting the utmost energy of those powers which our beneficent Creator hath graciously bestowed upon us, the arms we have been compelled by our enemies to assume, we will, in defiance of every hazard, with unabating firmness and perseverance, employ for the preservation of our liberties; being with one mind resolved to die free men rather than to live slaves." (Declaration of the Causes of Taking up Arms, July 6, 1775.)

We honor you the more for cherishing and defending these democratic ideals because you did so without the advantages and strength that we possess. In your day our

Republic was young and experimental: today it is the most powerful Nation in the world, the impregnable fortress of democracy, made great and powerful because of the principles and institutions which you cherished. You had only a faith in the people and in their future: we have the advantage of basing our similar faith on the proof that shine forth from a century and a half of unparalleled achievement. You confronted the skeptics of your day with belief in the common sense of the people: we confront the cynics and disbelievers of our day with proof that you were right.

CONTINUATION OF COMMODITY CREDIT CORPORATION

The Senate resumed the consideration of the bill (S. 1108) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and to provide for an audit by the General Accounting Office of the financial transactions of the Corporation, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Missouri [Mr. CLARK], as modified, to the committee amendment inserting section 5, on which the yeas and nays have been ordered.

Mr. CLARK of Missouri. Mr. President, in view of the fact that the yeas and nays have been ordered, I assume that, under the rules, I am not permitted to accept a modification of my amendment without obtaining unanimous consent.

The VICE PRESIDENT. The Senator is correct.

Mr. CLARK of Missouri. Therefore I ask unanimous consent, Mr. President, that the amendment which I have proposed be modified by the inclusion of the amendment with respect to which the Senator from Georgia [Mr. GEORGE] on yesterday gave notice. The Senator's proposed amendment is published in the RECORD.

The VICE PRESIDENT. Is there objection to the request of the Senator from Missouri?

Mr. McNARY. Mr. President, I do not know that I have objection, but I should like to have the amendment restated.

Mr. CLARK of Missouri. I am looking for the amendment, I will say to the Senator from Oregon. The amendment has been printed.

Mr. GEORGE. My amendment, proposed as an amendment to the amendment of the Senator from Missouri, has been printed.

Mr. CLARK of Missouri. The proposed modification of the Senator from Georgia is in the language of the committee amendment itself. That statement is correct, is it not, I will ask the Senator from Georgia?

Mr. GEORGE. Yes; it is in the language of the committee amendment.

Mr. CLARK of Missouri. I ask that the amendment proposed by the Senator from Georgia be stated.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. At the end of the amendment proposed by Mr. CLARK of Missouri it is proposed to insert the following:

Provided further, That the Reconstruction Finance Corporation is authorized to borrow money and pay (a) to shippers of commodities or others the increased costs of transportation resulting from the war emergency and (b) to pay subsidies relating to, or purchase for the purpose of selling at a loss, strategic and critical materials necessary to the manufacture of equipment and munitions of war for the United States Government or any of the United Nations, and to subsidize the high cost production of minerals to increase the production thereof.

So that, as modified, Mr. Clark's amendment would read:

That on and after the date of enactment of this act no authority shall be exercised by the Price Administrator, the Federal Loan Administrator, or any other governmental agency or corporation with respect to the making of any subsidy payments under section 2 (e) of the Emergency Price Control Act of 1942, as amended, and any authority contained in such section with respect to the making of subsidy payments is hereby repealed: *Provided*, That nothing in this act shall be construed to affect in any manner the rights or interests of any person who has acted in good faith in reliance upon any regulation or order issued prior to the date of enactment of this act with respect to such subsidy payments under the authority of such section 2 (e), and to the extent necessary to protect the rights or interests of any such person in connection with transactions heretofore made or entered into such subsidy payments may be made: *Provided further*, That the Reconstruction Finance Corporation is authorized to borrow money and pay (a) to shippers of commodities or others the increased costs of transportation resulting from the war emergency and (b) to pay subsidies relating to, or purchase for the purpose of selling at a loss, strategic and critical materials necessary to the manufacture of equipment and munitions of war for the United States Government or any of the United Nations, and to subsidize the high cost production of minerals to increase the production thereof.

Mr. CLARK of Missouri. Mr. President, I now ask unanimous consent that I may be permitted to modify my amendment by the inclusion of the amendment offered by the Senator from Georgia.

The VICE PRESIDENT. Is there objection?

Mr. BANKHEAD. Mr. President, in view of the fact that the language of the George amendment is taken from the committee amendment, I have no objection.

Mr. McNARY. Mr. President, I favor the amendment. I think it is a very happy suggestion. But I am wondering if it is broad enough to comprehend the suggestion made by the able Senator from Wyoming [Mr. O'MAHONEY] last evening just prior to the time the Senate took a recess. Has anyone conferred with the Senator from Wyoming on that subject?

Mr. CLARK of Missouri. I have not had the opportunity to do so, I will say to the Senator.

Mr. McNARY. I am not making any qualification along that line, but I am simply curious to know if the proposal of the Senator from Missouri will meet the thought which was expressed by the Senator from Wyoming last evening.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I will yield.

Mr. JOHNSON of Colorado. I will say to the Senator from Oregon that I have taken the matter up with some of the attorneys who are interested in preserving the subsidies for metals and strategic materials, but as yet I have not received a report. I hope we can wait a few minutes before taking action on the amendment until we receive the report and ascertain whether the George amendment covers the whole matter in a comprehensive and adequate manner. We will have that information in a very few minutes. If there is some way of holding up the matter a little while I hope it may be done.

Mr. McNARY. Mr. President, it is not my purpose to delay consideration of this measure. I realize the necessity for going through with the bill as fast as we can, intelligently, of course, and that is a matter which is wholly up to the distinguished Senator from Missouri.

Mr. CLARK of Missouri. Mr. President, I have no desire to press for immediate action on this matter until Senators who are interested in the modification of the amendment have an opportunity to be heard. I made my request simply because my amendment was the pending business before the Senate, and I had to make it then or not make it at all.

Mr. McNARY. Let me suggest, in the interest of expedition, that we accept the proposed amendment offered by the able Senator from Missouri, as he desires to modify it, and then if our action is not satisfactory to the Senator from Wyoming he can ask for a reconsideration of the vote by which the amendment was agreed to.

Mr. CLARK of Missouri. That would be entirely satisfactory to me.

Mr. JOHNSON of Colorado. That would be entirely satisfactory to me also.

Mr. McNARY. I am willing to act on the suggestion that the amendment be agreed to and that a reconsideration of the vote be had if it is found to be not satisfactory.

Mr. CLARK of Missouri. I will say to the Senator from Oregon that, so far as I am concerned, if it shall be found that the amendment is not satisfactory, I shall have no objection to a reconsideration of the vote by which it was agreed to. But, for the purpose of getting the matter before the Senate, I renew my request for unanimous consent that I be permitted to modify my amendment by the inclusion of the amendment of the Senator from Georgia.

The VICE PRESIDENT. Is there objection to the request of the Senator from Missouri?

Mr. AIKEN. I do not object to the request.

The VICE PRESIDENT. Without objection, the amendment of the Senator from Missouri is modified by inclusion in it of the amendment of the Senator from Georgia.

Mr. PEPPER. Mr. President—

The VICE PRESIDENT. Does the Senator wish to object?

Mr. PEPPER. No, I have no objection. If I correctly understand the present parliamentary situation, the amendment of the Senator from Missouri has

been modified by inclusion of the amendment of the Senator from Georgia?

Mr. CLARK of Missouri. That is correct.

Mr. PEPPER. May I ask the Senator from Missouri if he will be kind enough in a succinct way to state what the effect of the amendment, as modified, now is?

Mr. CLARK of Missouri. I will say to the Senator from Florida the effect of the amendment as modified at the present time is that it repeals section 2 (e) of the Stabilization Act, which is the authority relied on by the Commodity Credit Corporation and by the O. P. A. to make subsidy payments on food.

The amendment preserves the intention of Congress already expressed to authorize transportation subsidies for certain very critical materials, such as petroleum, in certain areas of the United States, and also preserves the subsidies as to critical minerals of various kinds, and as to certain other commodities, which it has been intended all the time by Congress, if necessary, to have produced at a loss, and for the Government to take up the slack of any loss that might be incurred.

Mr. PEPPER. So, if I correctly understand the able Senator, the amendment as modified presents clearly the issue as to whether we are to allow authority or funds for the making of subsidies for food production.

Mr. CLARK of Missouri. That is entirely correct. The amendment as presently modified is intended to express the view which Congress entertained when it passed the Stabilization Act, namely, that it was authorizing subsidies for production, certain subsidies for transportation, certain subsidies for strategic materials, but was not authorizing subsidies as a price-control measure.

Mr. PEPPER. Nor subsidies to aid in food production?

Mr. CLARK of Missouri. No, no; it is not my intention, so far as I am concerned, to prohibit bona fide production subsidies.

Mr. BANKHEAD. Mr. President, I do not concede that the Senator's amendment as modified has that effect. I think it prohibits every sort of subsidy except for strategic minerals and transportation.

Mr. PEPPER. That is the issue I want to have made clear. We now have before us the Clark amendment which would repeal the authority referred to in the Emergency Price Control Act.

Mr. CLARK of Missouri. That is correct.

Mr. PEPPER. We have the George amendment included in the Clark amendment, which would authorize subsidies only in specific cases, namely, of increased cost of transportation resulting from the war emergency of products such as petroleum.

Mr. CLARK of Missouri. I will say to the Senator from Florida that the effect of my amendment is to wipe out section 2 (e) in the broadest possible terms, with the exception of the specific limitations placed in the amendment by the George amendment. I will say further to the Senator from Florida that, so far as I am

concerned, at a proper time I would be glad to vote for any proposition to include bona fide production subsidies, but it seems to me, in view of the flagrant, notorious manner in which section 2 (e) of the Stabilization Act has been distorted by certain authorities, that the thing to do is to wipe out that section, and then restore, if Congress so desires, bona fide production subsidies. I will say very frankly to the Senator that in the present status of the Clark amendment, as modified by the George amendment, it does wipe out authority for all subsidies except those specifically enumerated in the George amendment.

Mr. PEPPER. I thank the Senator.

Mr. President, in view of my understanding that the able Senator from Alabama [Mr. BANKHEAD] proposes to discuss this question, I do not desire to address myself to it at the present time, but I do wish to have the privilege of addressing myself to it before the issue is concluded.

Mr. BANKHEAD. I did not clearly hear the Senator's statement.

Mr. PEPPER. I say that, in view of the information I have received that the able Senator from Alabama proposes to address himself to this subject, I shall not address myself to it at this time, but I desire to address myself to it before the matter shall be concluded.

Mr. BANKHEAD. I intend to make some remarks about the matter, but I do not know how many more speeches are to be made. I do not desire to demand the floor at this time, if other Senators are prepared to speak, for the simple reason that I think I have the right, as a proponent, to close the debate. I do not know that there is any rule to that effect, but I believe it would follow parliamentary practice. I do not intend at the moment to speak, if some other Senator desires to address the Senate, but I intend to do so before final action is taken.

Mr. O'DANIEL. Mr. President, I should like to ask of the Senator from Missouri, regarding his proposed amendment, a question with reference to that portion of his amendment on page 2, line 2, beginning with the word "Provided," and concluding in the eleventh line. Would not that provision ratify and legalize the promises which have been made by the administration to pay subsidies on the roll-back on butter, beef, and coffee?

Mr. CLARK of Missouri. Mr. President, the Senator's statement may be correct to a certain extent, but only to the extent to which people have in good faith dealt with the Government and changed their position. It seems to me that such people are entitled to be protected. The average man who produces butter or any other farm commodity is not a lawyer, and in time of war he should not be charged with the responsibility of dealing at his peril with the Government of the United States.

Therefore, I have provided by the amendment that people who have dealt in good faith with the Government of the United States shall be protected. I do not think we can do any less. There has been dispute between various gov-

ernmental agencies, including the Attorney General of the United States, there has been dispute on the floor of the Senate among Senators who are good lawyers, as to exactly what the provisions of the old law authorize.

I am very clear in my own opinion about it, but I do not think that in good conscience we should pass an act which would prejudice and penalize people who in good faith have dealt with the Government of the United States in time of war. I, personally, should never be willing to do such a thing.

Mr. O'DANIEL. I thank the Senator.

Mr. AIKEN. Mr. President, I should like to interrogate the Senator from Missouri. As I read clause (b) of the proposed amendment of the Senator from Georgia, it seems to me it would permit the subsidization of crops or animal products necessary to the manufacture of equipment and munitions of war for the United States Government or for any of the United Nations, but would not permit the subsidization of crops or animal products for food purposes.

Mr. CLARK of Missouri. That is my understanding. I should be glad if the Senator would address his inquiry to the Senator from Georgia, the author of the amendment. The Senator has accurately stated my opinion of the amendment and what I had in mind when I asked to be permitted to amend my amendment by the inclusion of the amendment of the Senator from Georgia. However, I should be glad to have the Senator address his question to the Senator from Georgia.

Mr. AIKEN. Let me ask the Senator from Georgia if, by the second part of his amendment, he means that crops or animal products may be subsidized or bought and sold at a loss for the purpose of the manufacture of equipment and munitions of war, but not for food purposes.

Mr. GEORGE. Exactly—to be bought and sold for the manufacture of equipment and munitions of war for the United States Government or any of the United Nations, and to subsidize the high-cost production of minerals to increase the production thereof.

Mr. AIKEN. Under the amendment it would be possible to subsidize crops for the purposes of manufacturing alcohol or glycerine or sugars or corn or other materials used in the manufacture of aluminum or steel; would it not?

Mr. GEORGE. For the Government?

Mr. AIKEN. Yes; for the Government.

Mr. GEORGE. In the manufacture of equipment and munitions of war.

Mr. AIKEN. Mr. President, I think the amendment goes a little too far; but, realizing the seriousness of the situation and the necessity for doing something about it, and also realizing that the matter will finally have to be worked out by Congress, I expect to support the amendment of the Senator from Missouri, as amended by the amendment of the Senator from Georgia.

Mr. TAFT. Mr. President, I should like to call attention to one circumstance which seems to me to make the amendment proposed by the Senator from Mis-

souri very defective in respect to serving the purposes the Senator intends to have it serve unless in some way he adds a prohibition against buying and selling. All the amendment would do would be to take out that part of section 2 (e) which deals with subsidies.

Section 2 (e) reads as follows:

(e) Whenever the Administrator determines that the maximum necessary production of any commodity is not being obtained or may not be obtained during the ensuing year, he may, on behalf of the United States, without regard to the provisions of law requiring competitive bidding, buy or sell at public or private sale, or store or use, such commodity in such quantities and in such manner and upon such terms and conditions as he determines to be necessary to obtain the maximum necessary production thereof—

That is very broad language, Mr. President—

or otherwise to supply the demand therefor, or make subsidy payments to domestic producers.

All that would be repealed by the amendment would be the provision for the making of subsidy payments to domestic producers; so it would be perfectly possible for the administrator to go on buying and selling through the R. F. C. or the Commodity Credit Corporation.

Furthermore, entirely apart from the Price-Control Act, the Commodity Credit Corporation has power to buy and sell commodities, and it has bought and sold commodities at a loss before this time. Not only that, but by the pending bill we shall be giving it a billion dollars more with which it could continue to buy and sell commodities, farm commodities, if you please. I should not have the slightest difficulty, after the passage of the bill including the Clark amendment, if I wished to do so, and if I ran the Commodity Credit Corporation, to do just exactly, in effect, what now is being done, and to spend a billion dollars in doing it, instead of spending the limited amount which is provided in the committee amendment.

I see nothing in the world to prevent the Commodity Credit Corporation from announcing that it is going to buy all the butter in the country at whatever the price may be—50 cents, let us say—and later dole it out at 45 cents, from time to time, to various people—carrying out exactly the same procedure, except the latter procedure would put the Government more into business than it ever would have been if it simply paid a subsidy to producers.

The same thing is true with respect to meat. As to coffee, today, the Board of Economic Warfare is buying the whole coffee crop of Brazil, under what authority I do not know. Some one of the subsidiary corporations—I think it is the Commodity Credit Corporation—is taking over all the buying of coffee in Brazil. So if it be desired to accomplish the same effect at equal cost to the Government, it can be done under the Clark amendment, so far as I can see. We would not really avoid the problem of having subsidy payments.

The committee amendment provides that none of the corporations shall purchase any commodities for the purpose of selling them at a loss.

I admit that even that provision would be somewhat difficult to enforce; because it would not prevent one of the corporations from buying the commodities and finding out later that it had to sell them at a loss. However, at least it could not deliberately adopt a program of selling at a loss.

So in that respect I think the committee amendment is much stronger than the other.

When we begin to distinguish, as we are now doing, between production subsidies and other subsidies, I find it impossible to draw a reasonable line of demarcation between what kind of subsidies can be paid and what kind of subsidies cannot be paid. It seems to me that the thing to do is to impose a limitation on all subsidies. If the Senate does not want to approve the roll-back provision which would cost \$450,000,000, I think the best way to proceed would be to cut the \$500,000,000 to \$100,000,000 or to \$50,000,000, and leave the R. F. C. with some money with which to carry out the purpose, or else cut out the R. F. C. altogether, and leave the Commodity Credit Corporation with \$175,000,000 for those total purposes.

So, it seems to me that, while we could show our sentiment by adopting the Clark amendment against subsidies, in name, I do not really think we would accomplish as much as we would if we adopted the committee amendment. A year from now I think we shall find that if the Government has a policy of buying and selling, it will cost the Government more than a policy of having a limited amount of direct subsidies.

Mr. CLARK of Missouri. I can say to the Senator from Ohio that so far as my own view is concerned, it is perfectly consistent, because I intend to vote for the amendment which I have offered, which I think is a very valuable restriction, and I intend to vote against the bill.

Mr. AIKEN. Mr. President, I should like to ask a further question of the Senator from Missouri. Is he satisfied that the language of his amendment, as modified, would not restrict the sale of Government wheat on the terms specifically authorized by an act of Congress?

Mr. CLARK of Missouri. I will say to the Senator from Vermont that I do not think it would. That certainly was not the intention. It is certainly not my intention to change that policy of the Government. Although, as the Senator knows, I was opposed to the adoption of the policy originally, I certainly have no intention of changing it by indirection in this manner.

Mr. WHERRY. Mr. President, it seems that the foremost reason given by the proponents of the committee amendment is that we should provide the funds to pay for commitments already made, for which there is no legal authorization. The department has said in a press release to the packers, "Buy these cattle"; and to the wholesalers, "Roll back the prices, and we

will pay." So it is now contended that the department has made commitments, and that is the main reason why we are asked to support some kind of a subsidy or provide money to pay for the commitments which have been made without authorization.

The question asked by the junior Senator from Texas [Mr. O'DANIEL] was timely. He asked the Senator from Missouri whether the amendment which he proposed, would provide for such a program. The Senator from Missouri said that it would. I should like to say, with reference to the question asked by the Senator from Texas, that I do not believe any commitments have been made to be paid for, even though we do provide a subsidy. I say that on the basis of facts which I have received from my own State of Nebraska. I received them from Omaha even as late as last night.

When the roll-back order was issued, the roll-back was directed to the wholesalers of meat. The theory was that they would go into the market and pay the then prevailing prices to the producers; that the subsidy would make up the difference. But the packer did not do that. That is what caused the demoralization of the markets. That is what brings up the question which is before us. Neither the packer nor the wholesaler made any commitments, because they did not rely upon the order of the United States Government. They did not rely on the press reports. They bought cattle for less than the prevailing prices. So I doubt very much whether any commitment has been made, for which payment is required. If we should provide the subsidy, where would it go? If we should provide money for the wholesalers, what assurance have we that it would get back to the producer? In a telegram from the president of the Union Stock Yards, of Omaha, Nebr., he informs me that only one wholesaler rolled back prices. They did not put any confidence in the press reports.

The proponents of the measure before us say that we have made commitments, and therefore we should somehow guarantee this postdated check and provide the wherewithal. That is the big argument advanced to the Senate to vote some kind of a subsidy—either \$250,000,000 or \$500,000,000—in order to make good departmental unauthorized commitments. I will go as far as anyone else in order to make good any legal contract which the United States has already entered into, if it can be shown that the department has made a contractual commitment, and that in equity we ought to pay for authorized commitments already made. That provision is included in the Clark amendment, which I intend to support. But I think that argument is weak. There is no showing that any commitment has been made.

What would the bill do? Even as amended by the Taft amendment, it provides that we shall pay a subsidy of \$250,000,000 or \$500,000,000 to do what? The point is that the bill would establish a subsidy, on the wrong premises. After the eloquent address by the distinguished Senator from South Carolina, chairman

of the Senate Committee on Agriculture and Forestry [Mr. SMITH], Senators should certainly know what the bill involves. The proposed subsidy would not go to the producer. It would go to the consumer. It would be a bonus to the consumer. It would not be a subsidy to the producer. There is no authority under section 2 (e) of the Price Control Act for the payment of such a subsidy.

We talk about the opinion of the Attorney General. I highly respect the opinion of the senior Senator from Ohio [Mr. TAFT]. He has stated that in his opinion this is not a legal subsidy. I respect the opinion of the senior Senator from Missouri [Mr. CLARK], who also stated that such a subsidy is not legal. I respect also the statement made by the senior Senator from Georgia [Mr. GEORGE]. Aside from the legal question, the Senator from Georgia stated that it was his understanding, when the subsidy question was before a previous Congress for consideration, that this subsidy was a subsidy to be paid the producer for increased agricultural production, and that it is a violation of the spirit of the act to pay to the consumer a roll-back under the guise of paying the producer a subsidy.

Let me say, once and for all, that the proposed subsidy would not go back to the producer. The only proper interpretation of the Price Control Act is that the subsidy provided for in section 2 (e) is a subsidy to the producer. That is the spirit of the act. The proposed subsidy would go only to the wholesaler of meat. It would not reach beyond the wholesaler. It would not reach the Nebraska farmer who is feeding cattle, and who needs a profit in order to encourage the production of beef. The subsidy would stop with the packer. It would then be rolled back to the consumer.

The proposed subsidy is not a subsidy to pay the producer anything. It is a bonus to the consumer. What good would it do the consumer? If we should put \$2,000,000,000 into the hands of the buying public, the inflationary effect would be much more than the 10-percent roll-back.

We have heard some wonderful speeches in the Senate during the last 5½ months. I respect those who have made them. One of the outstanding speeches, which I shall remember all my life, was the speech of the Senator from North Carolina [Mr. BAILEY]. He said that we must hold the line. But we will not be holding the line if we vote subsidies of \$2,000,000,000 or \$3,000,000,000. We shall be creating inflation. Such a program would be one way of going in the back door to increase the purchasing power of the public, or to increase wages.

The worst part of it is that we are doing it as a subterfuge. We are asked to give a bonus to a group under the theory of paying a subsidy to the producers of meat. We are not giving a subsidy to the producers. We are giving a roll-back to the consumer, which will cause inflation, and break the line. It will not hold the line.

The producer does not want this subsidy. I feel that this question is of vital

importance to the Senate. It certainly is to me. The proposed subsidy would extend only to meat, butter, and coffee. Although we have many consumers in Nebraska, Nebraska is entirely an agricultural State. We are dependent upon agriculture. I should like to see the producer make a legitimate profit on what he produces on the profit-motive basis.

If the producers in Nebraska were in favor of the proposed subsidy, they would tell us so. What do they say? Last Tuesday I read telegram after telegram from producers in my section of the country who said that they did not want a subsidy. I read a statement from the president of the Livestock Producers' Association—the cattlemen of America. He said, "We do not want a subsidy." I read a statement from representatives of the Chicago meat industry, to the effect that farmers and cattle feeders do not want a subsidy. Last Friday I inserted in the RECORD a resolution from a gathering in Fremont, Nebr., of representatives of more than 24 counties. They drafted a resolution memorializing Congress to the effect that the cattle industry in Nebraska did not want a subsidy. I have in my possession perhaps 100 messages from cattlemen, not only in Nebraska, but in other parts of the country, stating how they feel about the subsidy.

This morning I received a message from the New Mexico Cattle Growers Association signed by E. G. Hayward, president. I will read it for the RECORD. It consists of only three paragraphs and it sums up in a nutshell the feeling of the producer relative to a subsidy, and that is the subject with which we are dealing. We are asked to legislate a subsidy for the producer which goes to the consumer. The term "subsidy" is a misnomer. We are asked to give a bonus to the consumer, but under the interpretation of section 2 (e) of the Price Control Act which has been expressed by those who are interested in the roll-back legislation, they find it is not a subsidy to the producer.

The producers do not want a subsidy. To show how they feel about it, I now read the letter from the president of the New Mexico Cattle Growers Association:

Hon. KENNETH S. WHERRY,
United States Senate,
Washington, D. C.

DEAR SENATOR WHERRY: As our organization considers the administration subsidy and price-roll-back program in the meat-packing industry a problem of first importance to our livestock-production business, we are writing you at this time to express our views on this critical subject. In order that we may qualify our association to speak on this matter, you will be interested to know that our membership includes more than 2,300 New Mexico cattle breeders and producers, who own more than 90 percent of all cattle in this major beef-producing State.

We are unalterably opposed to the administration's plan to roll back prices on meats by means of subsidy payments to the meat-packing industry, and we have appealed to the Office of Price Administration and the President to accept and try our national livestock and meat-packing industry program to solve our wartime meat problems before throwing our industry on a subsidy basis.

Our program was developed by major meat packers and representatives of 96 breeder and producer organizations; by businessmen with practical knowledge and years of experience in the meat industry. We assure you that the producers and processors of meat all along the line are entirely in accord with this feeling, and their judgment should probably be considered more accurate than that of some officials in the Office of Price Administration with perhaps less experience in this field.

It is difficult to believe that a subsidy plan as outlined by the Office of Price Administration could be put into effect at a cost of less than \$3,000,000,000 annually to the taxpayers of our Nation, and at present \$3,000,000,000 in inflated currency. Although the subsidy program in our industry might at first appear to be a means of effective price control on the part of the administration, it appears to us who are familiar with Government subsidy programs a complete admission on the part of the Office of Price Administration that it is unable to control prices and must resort to hidden inflation rather than orderly wartime price adjustments. There is little doubt but that this subsidy program will eventually put the administration in control of the meat-packing industry and thus in control of the livestock industry of our Nation, a condition which is unhealthy to our people and discouraging to production of livestock.

Thanking you in advance for your consideration, we remain,

Very truly yours,

NEW MEXICO CATTLE GROWERS'
ASSOCIATION,
E. G. HAYWARD, President.

The letter is signed by E. G. Hayward, president of the New Mexico Cattle Growers Association.

I do not wish to clutter up the RECORD, but I have hundreds of communications from cattle growers and feeders and from those who are interested in the packing business—the processors—indicating that they are absolutely opposed to this subsidy.

If we are to increase the production of beef, how is it to be done? It must be done by getting the subsidy clear back to the grower, and to the cattle feeder. It can not be done by the method proposed, but it can be done by removing the present restrictions, including the ceiling price on corn. Corn then will seek its own level. It will flow out to the various segments of the industry and to the feeder, and it does. The ratio of corn and labor to the production of beef and hogs will adjust itself. The result will be less inflationary than any price ceiling, or any subsidy which may be paid.

What we want to do is to put the cattle feeder in Nebraska on a profit-motive basis and not on a subsidized program.

Another thing which would increase the production of beef would be the orderly coordination of the Food Administrator with the Secretary of the Department of Agriculture. I believe the time has come when we should have an administrator who can handle that particular job. We need to eliminate the present contradictory program between the Secretary of Agriculture and those within his organization, such as Mr. Hutson, President of the Commodity Credit Corporation. On the one hand we have the Agricultural Department seeking to increase agricultural production.

It pays subsidies and imposes restrictions.

The Senate should be advised that we do not have total agricultural production in this country. We do not have total production on the acres in the western section of the country, where we should have total production. We are still limited in production. If we do not grow certain war crops we are restricted, and do not achieve the maximum crop production which we should have.

This situation should have been looked into at least a year ago. Immediately after Pearl Harbor all restrictions should have been taken off agriculture. Last year there should have been no restrictions on the growing of any agricultural crop. There should be none now. If the restrictions were taken off, if the ceiling were removed from corn, and cattle feeders were given a chance to make a decent profit, they would produce beef, and we would not now be facing a meat famine.

What does the President of the Commodity Credit Corporation say? A few days ago Mr. Hutson, President of the Commodity Credit Corporation, said that we have too many cattle in this country. We have 38,000,000 beef cattle. We have a total of 78,000,000 cattle, but 38,000,000 of them are beef cattle. Mr. Hutson said that during the past 15 months the number of cattle has been increased by 2,000,000. What else did he say? He said that we have 125,000,000 hogs, 25,000,000 too many.

So on one hand we pay a subsidy. We even put into effect the R. A. C. C., a Government lending agency to make nonrecourse loans to cattlemen, without restriction, in order to increase the production of cattle.

On the other hand, we have the President of the Commodity Credit Corporation, Mr. Hutson, on the other side of the fence, saying that we have too little corn. What was Mr. Hutson's remedy? Senators who were present know what the suggestion was. He said, "We must narrow the feeding profit to the cattlemen and the hogmen so we can drive in the surplus on the market without feeding them corn." If we ever needed a coordinator to harmonize two programs like that, we need that administrator now. On one side we increase the production of livestock, and on the other side we decrease it because we cannot feed the animals. Such a program will not only drive the cattle into the market but will drive the cattle feeder out of business.

In 2 or 3 months we shall wake up in Washington and find no meat. There was no meat in South Omaha Saturday of last week. Yet, in a country where we have 2,000,000 more cattle than we ever had, and 200,000,000 bushels of corn more than the average June turn-over, it is a pity we cannot get the 2 together now as we face a meat famine. The program must be harmonized. It should be in the hands of 1 man. The ceiling on corn should be lifted. We should provide corn for industry. We need it now. We should provide corn, not only for the cattle feeder but also the poultry feeder. Let

it seek its own level, and in the final analysis it will not be so inflationary as a subsidy program paid for crop restrictions.

It is said that we have made commitments, and that our word must be made good. The R. A. C. C. was told last January that it did not have authority to loan money except for emergencies, and yet it loaned \$77,000,000. The plea before the committee was: "We have already loaned it, and we want you to ratify our acts." Under the guise of a subsidy we propose to pay a roll-back to the consumer. We support an amendment partly cutting it off, but we propose to continue to pay a subsidy of \$250,000,000 or \$500,000,000 for illegal acts which never were authorized. It is like coming in through the back door. The people of the country do not like it. If we are to pay the consumer a bonus, let us pay it; if we are to pay the producer to produce beef, let us pay the producer to produce beef; but let us not tell the producer that we are going to increase his price, or pay the packer a subsidy, and then turn around and give that subsidy to the consumer as a bonus—as a roll-back. It is not right, and every Member of the Senate knows it is not right. No one could express it more eloquently than it was expressed yesterday by the senior Senator from South Carolina [Mr. SMITH].

I desire to make the record clear. I do not believe in subsidies as they are proposed here. I shall support the Clark amendment which now includes the George amendment, and I hope that every Senator from the Corn Belt and every other Senator who sees the light will support that amendment. Let us face the issue squarely; let us place subsidies where they belong; let us keep to the spirit of the act; let us see to it that if the cattle feeders and the cattle growers are to increase the beef supply under a subsidy it shall be paid to them, instead of paying a roll-back under the guise of a subsidy to the cattle feeder.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. TAFT. I should like to know whether the Senator objects only to the roll-back feature, or whether if a subsidy were granted to the processor to increase the production, for instance, of soybeans, in order to hold the price where it is, and yet increase the price to the producer, he would favor that kind of a subsidy under certain circumstances where it seemed to be desirable? Or is the Senator's objection to all subsidies? My difficulty in this latter situation is to know what kind of subsidies are good subsidies and what kind are bad subsidies. If the Senate wants to prohibit roll-back subsidies, we can say so, but I should like to know whether the Senator objects to the other kind of subsidy or simply to the roll-back subsidy.

Mr. WHERRY. I will say to the senior Senator from Ohio that any subsidy that has been authorized by the Congress by any act of Congress should be paid, I should feel under obligation to pay it, and whether I believed in it or

not would not make any difference insofar as this legislation is concerned. I would be in favor of paying any legal obligation we have made; and I would go further than that. If anyone, who, because of equity or of a commitment had made an advance to the consumer or anybody else, I would feel that we ought to pay it; but, the senior Senator from Ohio knows as well as I do how I feel about subsidies; he has heard me deliver more than one speech on this subject. If they are to aid the war effort, if they are to increase the production of critical materials, I would go along with anybody in the war emergency; but, generally speaking, I am against subsidies. I am against them because I think they regiment people; I think they destroy freedom of enterprise; I think they destroy economic freedom. I am against subsidies generally.

Mr. TAFT. Would the Senator be against subsidies to the producer in order that the price might be held to the consumer where it is, rather than to let it go up. Assuming that it is necessary to increase the price to the producer the question is, Are we going to authorize it by subsidy or are we going to say to the Price Administrator you must increase the price to the consumer?

Mr. WHERRY. If we are to pass this legislation, as I interpret the spirit of section (e), the subsidy should be paid to the packer so that he can pass it on to the producer; otherwise it is an illegal use of the subsidy. What we are considering is this legislation; we are talking about this bill, not about a different bill.

Mr. TAFT. We are talking about the Clark amendment. The Clark amendment prohibits the other kind of subsidy, but the Clark amendment attempts to say—I do not think it quite accomplishes the purpose—that if it is considered necessary to increase the price to the producer the price to the consumer must be increased. That is a perfectly logical theory. I was trying to find out whether the Senator was for it or against it.

Mr. WHERRY. I am for the Clark amendment because, as the Senator from Missouri said yesterday, I think it cuts out the authority under section 2 (e) to the Department of Agriculture, or whoever operates the subsidy. I believe in the George amendment because I am willing to go along with any payment of subsidies that has been authorized by a former Congress and I am willing to pay any subsidy that the Senate feels necessary in order to obtain critical materials to help out in the war emergency. I think possibly the machinery might be improved, and I will say to the distinguished Senator from Ohio—and there is no man in the Senate whose judgment I respect more highly—that I believe his proposal cutting off this machinery is the best that has been presented, except I do not agree with him about paying \$250,000,000, which puts our sanction and approval on an illegal subsidy. That is the only disagreement I have with the Senator from Ohio, and with his wisdom he has the ability to write an amendment to this bill or offer a

measure which would cut it off, and permit only the payment of a legal subsidy and to provide to pay, if there is redress, in cases where funds which have been used under a commitment which should not have been made, then I would support it 100 percent. I think the Clark amendment comes more nearly doing what I want done.

Mr. TAFT. I thank the Senator. That is exactly what I wanted to ascertain.

Mr. CAPPER. Mr. President, I take the floor to reiterate my opposition to price subsidies; that is, subsidies for the purpose of lowering or holding down prices. As I have previously stated on the floor of the Senate, I can see the justification of subsidies for the purpose of obtaining maximum production of critical materials or of foodstuffs or feeds. Payment of subsidies to marginal producers can be justified in the emergency.

But that is not the proposition the Senate is asked today to legalize, and for which to provide funds. What is asked in the Bankhead amendment to the pending legislation, as I read it, is congressional approval of the roll-back and subsidy program that already promises to cause grave injury to the livestock and dairy industry. In addition to the injury to these industries, I can see a strong probability that, instead of increasing production, this program is more likely to decrease production.

As a measure to halt inflation, it seems to me that a program which calls for adding ultimately several billion dollars a year to spending power—and to the national debt—while at the same time reducing prices on already scarce commodities, is bound in the long run to add to the inflationary forces, not to take from the strength of such forces.

I am perfectly aware that there are in effect both direct and indirect subsidies as a means of promoting the war effort. These include construction and conversion of plants, payment of increased transportation costs, and support prices for farm products.

But I want to point out that the purpose of all these subsidies is to bring about increased production for the war effort, or to compensate for increased transportation costs.

I say the proposal to subsidize consumption of certain food products departs radically and dangerously from the principle involved in production and even in distribution subsidies.

I repeat, the subsidies here proposed are not designed, nor are they expected, to increase food production. The effect will be to transfer to the Public Treasury a part of the consumer's cost of living. Briefly, it proposes to charge a part of the cost of the food civilians eat to future generations to pay. Our men in the armed forces who return to civilian life will be required to help pay for the food civilians consume while they are risking their lives in this global war.

Mr. President, my information is that factory pay rolls in the United States practically have doubled in the past 4

years. Bank deposits, I am informed by the Department of Commerce, are in excess of \$100,000,000,000.

Currency in circulation is approximately \$15,000,000,000, or three times what it was only a few years ago. The national income, payments to individuals, this year is expected to reach \$145,000,000,000, nearly twice what it was 5 years ago. The number of able-bodied unemployed is at a minimum.

I ask you, Mr. President, if we cannot pay for the food we eat today, under these conditions, what hope is there for us to be able to pay for what we eat after the war is over?

Even in the face of these conditions, I might be able to justify food price subsidies—with borrowed money—if they were advanced on the basis that these subsidies would (1) provide more foodstuffs, or (2) would enable consumers in need to obtain such foods. I have heard no such claims made for this roll-back and food price subsidy program.

The experience so far has been that its effect has been to reduce prices farmers receive for meat and dairy products. With production costs where they are, that is going to mean decreased production and less food for consumers, less food for our armed forces, less food for our Allies. It strikes me this is a pretty high price to pay for reducing the consumer's butter bill 65 cents a year, and his meat bill two dollars a year. Especially if it results in his being able to buy less meat and less butter.

Last night I received a telegram signed by Will J. Miller, himself a stockman and farmer, secretary of the Kansas Livestock Association, and by James G. Tomson, president of the association. The telegram stated:

Kansas livestock producers are unalterably opposed to price roll-backs and subsidy payments on agricultural products and urge support of amendments to Commodity Credit Extension Act to prohibit same. Letter follows.

This afternoon I received the letter referred to, and wish to read from it, as follows:

I am writing you at this time because I feel our only salvation is in your (Congress) hands. We must look to Congress for a fair deal in connection with meat production for our wartime needs.

Office of Price Administration and kindred minds are apparently doing everything possible to increase confusion and discourage production. Market reports in recent days indicate they are doing a pretty good job of it.

Senator, this program is certainly raising hell on meat and livestock situation.

There is no question in my mind it is intended to put our civilian population on a cereal diet. Feel that our feed situation this year will be critical, due to flood and weather conditions. The livestock people do not know where to turn, and the confusion in their minds is increased from day to day due to uncertainties coming out of Washington.

I know of any number of feeders that are simply not going to feed cattle, due to the uncertainty of grains and protein concentrates and inability to buy at any price.

This roll-back of prices—and the roll-back reached the farmer, but the subsidy did not—is making the situation worse.

Mr. President, I ask unanimous consent to have printed at this point, a press release, resolutions adopted by the National Livestock and Meat Board at its recent session in Chicago, and a letter to the President from Albert S. Goss, president of the National Grange, which I send to the desk.

There being no objection, the matters were ordered to be printed in the RECORD, as follows:

CHICAGO, ILL.—At its annual meeting just concluded at Chicago, the National Livestock and Meat Board climaxed the 2-day session with the unanimous adoption of a resolution calling upon the War Food Administration and the newly formed War Meat Board to avoid taking any action in planning the food program for the future which might further injure the livestock industry and at the same time seriously impair the war effort.

The resolution referred specifically to an attempt being made by certain interests, apparently with the sanction of Government officials, to bring about drastic changes in the American diet which provide for further reduction of meat allowances for civilians to a much greater extent than warranted by existing conditions. Such a reduction, it is pointed out by the resolution, can seriously damage the health of the Nation.

The Board, which represents all branches of the livestock and meat industry, calls attention to the fact that the livestock interests of the country are putting forth every effort to produce the tremendous supplies of meat needed by our armed forces, our civilian population, and our fighting Allies and that these efforts so vital in helping to win the war must not be curtailed.

The resolution adopted by the Board read as follows:

"Whereas the livestock industry has responded to the urgent request of Federal authorities and has greatly expanded both livestock and meat production; and

"Whereas, apparently with the approval of Government officials, proposals are now being made calling for a drastic change in our national diet, further reducing the allowance of meat to civilians much greater than is warranted by existing conditions; and

"Whereas, according to recognized nutritional standards, a further reduction in meat consumption can seriously impair the health of the Nation: Therefore be it

"Resolved, That we, the directors of the National Live Stock and Meat Board, in annual meeting assembled at Chicago, June 18, 1943, urgently request the War Food Administration and the newly formed War Meat Board to give the most careful consideration to all the facts in shaping the food program for the coming months and to avoid taking unwarranted action which might further injure the livestock industry—which is putting forth every effort to supply the meat so necessary for our armed forces, our civilian population, and our fighting allies—and seriously impair the war effort."

The present officers of the board were re-elected to serve for the ensuing year. They are: Chairman H. W. Farr, of Greeley, Colo., who represents the Colorado-Nebraska Lamb Feeders Association on the board; Vice Chairman J. W. Rath, of Waterloo, Iowa, a representative of the American Meat Institute; Treasurer W. H. Tomhave, of Chicago, representative of the National Society of Record Associations; Secretary-General Manager R. C. Pollock, of Chicago.

WASHINGTON, D. C., June 22, 1943.

HON. FRANKLIN D. ROOSEVELT,

The White House,

Washington, D. C.

DEAR MR. PRESIDENT: Since the winning of the war and the establishment of a sound

and enduring peace depends so largely upon an adequate food supply, any policy that restricts or stifles production should not be tolerated. The situation with which we are confronted calls for the maximum production of foodstuffs.

It is also our duty to do all in our power to halt the drift toward inflation. If we are to prevent inflation we must remove the cause instead of treating the symptoms. There are two chief causes of inflation. The first is the pressure of excess income on an insufficient supply of consumer goods, and the second is the loss of confidence in the Government's ability to pay its obligations in dollars having the same purchasing power as the dollar it borrowed.

Price ceilings as a remedy for inflation have been tried hundreds of times during the past 2,000 years. Not once, so far as we can learn, have they succeeded over an extended period. On the contrary, they have resulted in creating food shortages, black markets, and, finally, the very inflation they were supposed to prevent.

On the basis of today's prices, we have an annual income of approximately \$40,000,000,000 in excess of the consumer goods available. Assuming that half this sum will go into savings, we still have the serious problem of an excess income of some \$20,000,000,000, all seeking something to buy. It is impossible to dam this rapidly increasing surplus income by price ceilings. It is increasing at the rate of a \$1,500,000,000 to \$2,000,000,000 per month, and history proves that it cannot be dammed.

Whenever rising production costs bump into price ceilings, production is strangled. These production costs vary greatly in different sections of the country, and local markets have normally adjusted themselves to these different costs. With inflexible ceilings, the high production cost areas are put out of business.

To overcome this difficulty we began the use of subsidies. Nevertheless, no system of subsidies has ever been devised which is effective enough to reach only these high cost areas. Any subsidy system which is effective in maintaining production must be flexible enough to keep the high cost producer in the field. Under such a plan the low cost producer would receive an unwarranted profit.

As a matter of fact, subsidies, as now employed, do not reach many of the small producers at all, so they are the direct victims of the roll-back. Neither are they sufficient to aid many of the high cost producers. It follows, therefore, that the ceilings are cutting off production just as they have always done whenever tried.

Thus it will be seen that the ceiling method increases the inflationary gap by reducing production. On the other hand, when used in connection with subsidies, it increases the gap at the other end because the Government has to borrow the money paid in subsidies and most of this is borrowed from banks. This increases our national spendable income. The subsidy therefore defeats itself. The present plan attempts the impossible by putting economic law into reverse. Higher prices encourage production and discourage consumption. The subsidy program encourages consumption, and to the extent that the subsidies fail to reach the producers they discourage production.

After everything reasonable has been done to increase production, including a compensatory price, if the supply will not meet the demand, the next step is to reduce the demand to fit the supply. This can be done in two ways. First, by increased taxes and increased savings, or both. Second, by rationing. Where goods are scarce, rationing should be applied so that the supply will be divided equitably. Commodities can be rationed to produce a surplus which can be

used to hold prices at reasonable levels without the use of ceilings; although ceilings to prevent profiteering may be necessary in some instances. Ceilings should be used for no other purpose.

If we do not take practical steps to close our fast-increasing inflationary gap, plain economics will do it for us, as has always occurred in the past. More and more goods will flow through black markets at higher prices, reducing the purchasing power of the dollar until it comes into balance with the supply. That is inflation.

If this Nation is unwilling to pay the cost of its food bill during these years of record income largely based on Government outgo, how can we ever expect our price structure to become balanced? In launching upon a subsidy program in our efforts to hold down the cost of living, it cannot be too strongly emphasized that there is only one basis upon which any Government can endure, and that is that the people must support the Government. Any attempt to reverse this principle, asking the Government to support the people cannot fail to have disastrous results.

Why should we cut the price of coffee 3 cents per pound; butter 5 cents per pound, and meat 2 cents per pound to everybody, including the wealthy and those whose incomes have increased more than the cost of living, in order to aid the few with fixed or low incomes? If subsidies are necessary for the relief of, say, 10 percent of our population, it is an enormous waste to subsidize the other 90 percent who do not need it. A far better scheme would be to use the stamp plan which was employed during the late thirties. Thus the subsidy would go to only those who need it, and it would not be necessary to place ceilings which fast curtail our already diminishing food supply.

England has been cited as an example for us to follow in the matter of price ceilings and subsidies. However, the English economy is almost the reverse of our own. England is an industrial nation, with only 7 percent of her population engaged in agriculture. Her interest lies in maintaining a low level of food prices and the 93 percent of her people can well afford to subsidize the other 7 percent to keep food prices at the desired level.

In England the consumer pays 60 percent of his income for food, as contrasted with 22 percent in America, believed to be the lowest on earth.

In England they have practically closed the inflationary gap, largely by taxation. Three years ago there were 7,000 people with a net income in excess of \$25,000 after paying taxes. Last year this group was reduced to 80. At the other end of the line, England has sales taxes ranging from 12 to 72 percent of the retail price.

England pays a subsidy, but in effect the United States pays it for her. During the 2 years ending March 1, we exported to England under lend-lease \$1,449,064,000 in foodstuffs. She sold this food to her people and out of the proceeds paid subsidies estimated at approximately \$730,000,000, with a tidy balance left over. Thus, England did not increase her inflationary gap by borrowing the subsidy money from banks.

The English figures do not tell the whole story. In her food index she uses only 14 items, largely those received from America, which are under complete control. She does not include such home-grown products as fresh fruit, fresh vegetables, or any canned goods. The prices on these items have risen sharply. They have had to go up in order to maintain production, but this increase does not show in the food index which England exhibits as proof that food prices have not been allowed to advance.

It should also be noted that England is having a serious time with black markets. She has had to increase the penalty for the

sale of food above ceiling prices to 14 years in prison, plus \$20,000 fine, yet with these severe penalties, prosecutions have increased 320 percent in the last 2 years and the Ministry of Food has recently reported that black markets are endangering the successful prosecution of the war.

We therefore feel that it is not wise to try to follow in England's footsteps, but rather that our course should be based upon the sound economics necessary to maintain a maximum food supply, for we have no one but ourselves to look to for aid.

Sincerely yours,

THE NATIONAL GRANGE,
ALBERT S. GOSS, Master.

Mr. CAPPER. Mr. President, I also ask unanimous consent to have printed as part of my remarks at this point a letter from Mr. C. C. Cogswell, master of the Kansas State Grange; a letter from C. T. Lindgren, cashier of the Farmers State Bank of Canton, Kans., and an accompanying newspaper clipping; and some of the many telegrams and letters received by me protesting against the roll-back and subsidy program.

There being no objection, the matters were ordered to be printed in the RECORD, as follows:

KANSAS STATE GRANGE,
Topeka, Kans., June 23, 1943.

HON. ARTHUR CAPPER,
United States Senator,
Senate Office Building,
Washington, D. C.

DEAR SENATOR CAPPER: There is no question in my mind but that the Grange membership and practically all other actual farmers of Kansas are opposed to the roll-back and food-subsidy program. I base this conclusion on the result of hundreds of personal contacts and scores of letters, as well as replies from questionnaires sent out from my office.

More than 270 questionnaires were recently sent to masters of subordinate Granges in Kansas. One of the questions dealt with the subsidy and, without exception, every reply has been opposed to it. There are various reasons, among which the following are the most frequent:

"It is unfair to agriculture as the benefits go to others."

"It is impossible of equitable administration."

"If ceiling prices are fixed as a means of preventing inflation they should never be set at a figure lower than the one attained through natural causes prior to the time of fixing it."

"There is no justification for subsidizing the consumer (even if it could be made effective) at a time when the smallest percent of his earnings are required for food."

"It discourages production of needed food."

The whole Office of Price Administration set-up is bogging down and unless changed will prove a major disaster. Fumblings have already frozen the normal flow of corn to feeders who do not produce it, causing heavy losses and threatening liquidation of half-fed animals. This will prove costly to many and hasten the national food shortage that now seems inevitable.

I sincerely trust that something constructive will soon be submitted in lieu of the destructive influences now at work. Farmers and other businessmen alike are fed up on so much 1944 politics being injected into every activity emanating from Washington. If this information is helpful, use it any way you desire.

With best personal regards, I am,

Sincerely,

C. C. GOGSWELL.

THE FARMERS STATE BANK,
Canton, Kans., June 22, 1943.

Senator ARTHUR CAPPER,
Washington, D. C.

DEAR MR. CAPPER: I enclose herewith clipping from Wichita Eagle as of last night. This explains some of the conditions here and market slumps. Pigs that formerly sold at \$12 at local sales now bring about \$6.

I believe that the subsidy on meat, etc., will discourage many farmers in trying to raise more meat and poultry.

If they lose money and with no help to do their work they will drop the items that lose money as fast as possible. Our local meat market man informs me that meat salesmen from packing houses are trying to push lard on the market as they have a large supply but owing to high ration points he cannot sell what he has on hand.

I do not think our Kansas farmers will strike and hope they do not. However, I believe they are entitled to cost and a little besides. Farm wages are \$100 per month, board and room. Many working in cantonments get as high as \$300 per month, work less hours with nothing invested.

Our wheat around here is one of the poorest crops in many years. Much froze out and hessian fly, etc., takes its toll. No danger of the farmer being too prosperous on present set-up.

Respectfully,

C. T. LINDGREN.

[From the Wichita Eagle of June 21, 1943]

FEAR IS FELT MEAT SUPPLY TO DROP HERE

Wichita's meat supply is taking a downward plunge and unless the Government can make adjustments, housewives will be faced with more meatless days.

Four Wichita packing plants have either completely ceased operations in the beef market or cut down at least 50 percent. The Dunn-Ostertag Co. butchered 3 head of cattle last week instead of the usual 100.

Joseph Dunn, vice president and secretary of the company, said that if the plant continued killing it would be at a great loss, and that the company is uncertain about the Government plan of subsidy.

The Sunflower Packing Co. killed 11 head of cattle the first week in May, and 6 the second week, at a loss of \$20 a head, said Fred Lochmann, president. Since then no beef has been killed, and the killing of pork has been cut down because of the lard situation. The public will not buy lard because the points are so high, and unless the Government can adjust this to relieve the Sunflower Packing Co., Mr. Lochmann asserted, the plant's surplus of lard will have to be given point-free to a desiccating company. Mr. Lochmann has queried the Government which was worse: letting the public have it point-free or the desiccating company? Washington is investigating, said Mr. Lochmann, but added that unless the lard situation were cleared up immediately, the company will have to discontinue the slaughter of hogs. As it is, the company killed 33 hogs last week instead of the usual 200.

H. F. Brown, of the Excel Packing Co., stated his plant has had to cut down from 40 to 45 percent owing to the Government price cut on beef.

Another local packing company has killed only 7 beef in the last week, instead of their usual 150 because it has lost from \$2 to \$15 a head over what was paid for the cattle. This company attributed the situation to Office of Price Administration regulations.

The increasingly critical meat situation in Wichita is representative of the suspension of operations farther east. Approximately 14 packing houses in Ohio have ceased slaughter. A slump of beef on the hoof has been reported in the same packing districts.

Cudahy has not been affected yet by the Office of Price Administration regulations, and the Government subsidy plan, said J. A. Preston of the Cudahy Packing Co. "We are wondering if this will cause the shipper and raiser to hold back a little in shipping the cattle, but the reason our shipments are light now is because this is an in-between season. They are always light at this time of year. This year, however, they are a little lighter."

About the suspension of slaughter operations, Mr. Preston said that the Cudahy company is faced with the same losses as the other Wichita plants, but that the Cudahy company must fill its Government contracts, irrespective of loss. Cudahy will buy anything that comes into the market, asserted Mr. Preston.

The Fred W. Dold Packing Co. is also listed as a major packing company in this area.

MARION, KANS., June 24, 1943.

Senator ARTHUR CAPPER,
Washington, D. C.:

Strongly disfavor subsidy program which will roll back agricultural prices.

MARION COUNTY FARM BUREAU,
ALPHONSO KLEND, President.

GARDEN CITY, KANS., June 24, 1943.

ARTHUR CAPPER,
Senator, Washington, D. C.:

Four hundred members of Finney County Farm Bureau urge your continued opposition to subsidies rolling back agriculture prices.

FINNEY COUNTY FARM BUREAU,
G. B. MAYO, President.

CHICAGO, ILL., June 24, 1943.

Senator ARTHUR CAPPER,
Washington, D. C.:

Need your best efforts to stop roll-back subsidies. They are killing farm prices and will hurt producers and consumers too.

W. A. RAYMOND,
Garden City, Kans.

CHICAGO, ILL., June 24, 1943.

Senator ARTHUR CAPPER,
Washington, D. C.:

Roll-back on farm prices having bad effect. Please do all you can to stop this plan.

KANSAS FARM BUREAU WOMEN,
Mrs. GEORGE HOLLEMBEAK,
Chairman.

GIRARD, KANS., June 25, 1943.

ARTHUR CAPPER,
Washington, D. C.:

Farmers opposed to subsidy roll-back which will break agricultural price structures and will place agriculture at a further disadvantage. We urge you to use your utmost influence in opposition to program.

CRAWFORD COUNTY FARM BUREAU,
E. J. MOREY, President.

STOCKTON, KANS., June 24, 1943.

Senator ARTHUR CAPPER,
United States Senate,
Washington, D. C.:

Farmers of this county believe subsidies rolling back prices will only serve to break agricultural prices structure unless stopped immediately. Many farmers contemplate reducing or liquidating livestock operations unless situation is improved. I urge you to oppose this measure.

ROOKS COUNTY FARM BUREAU,
ORIA VROVER, President.

GIRARD, KANS., June 24, 1943.

Senator ARTHUR CAPPER,
Washington, D. C.:

Farmers and businessmen are opposed to subsidy roll-back and urge your opposition.

H. H. VANHOOPER.

SHARON SPRINGS, KANS., June 25, 1943.
Senator ARTHUR CAPPER,

Washington, D. C.:

The farmers of Wallace County are opposed to subsidies.

R. B. RIGOR,

President, Wallace County Farm Bureau.

GIRARD, KANS., June 24, 1943.

Senator ARTHUR CAPPER,

Washington, D. C.:

Girard Chamber of Commerce, because of the almost universal opposition by its members and the farmers of this grade district to subsidies in any form, requests that you use every means at your disposal to defeat any legislation legalizing such payments.

ROY JACOBSON, President.

OSWEGO, KANS., June 24, 1943.

Senator ARTHUR CAPPER,

Washington, D. C.

DEAR SIR: In the interest of agriculture, I will appreciate any effort you see fit to make to stop price roll-back and subsidy payments. All we farmers want is a fair price, and subsidy payment will be unnecessary. The consuming public never was more able to pay a fair price for food, and I see no reason why future generations should be taxed so we can have cheap food now. Let's give the next generation a chance. Further price cuts will mean less food.

WM. A. CHRISTY,

President, Labette County Farm Bureau.

GYPSUM, KANS., June 24, 1943.

Senator ARTHUR CAPPER,

Washington, D. C.:

Farmers are against price roll-back program.

GLEA GILLUM,

President, Saline County Farmers Bureau.

FAIRBURY, NEBR., June 21, 1943.

Senator ARTHUR CAPPER,

Senate Office Building,

Washington, D. C.

DEAR SENATOR CAPPER: We Nebraska farmers don't want subsidies or parity payments. We want a square deal with labor and industries. We want to raise what our land is fitted for and we have the machinery to handle.

We can't raise paying crops of flax. Our land is too full of weed seeds. We can't raise peanuts; nor can we raise soy beans—usually too dry and too many rabbits to eat them when they are green—but we can raise wheat, oats, corn—sometimes—alfalfa, sweet clover, hogs, cattle, sheep for wool and mutton. We use sweet clover for rotation. We can successfully raise brome grass, alfalfa for hay and pasture.

Yours,

CHARLES M. TURNER.

MCPHERSON, KANS., June 14, 1943.

Hon. ARTHUR CAPPER,

United States Senator from Kansas.

DEAR SENATOR CAPPER: We hear considerable about a roll-back in prices and a subsidy plan. I am against any such a plan I hope you will work against such a plan and vote against it. It savors a lot of politics. My farms market cattle and hogs each year. I can see no reason for hogs being cheaper now than a year ago with the cost of production being 25 to 30 percent higher.

Yours with thanks.

J. J. YODER.

THE LIGHT GRAIN & MILLING Co.,

Liberal, Kans., June 18, 1943.

Hon. ARTHUR CAPPER,

Senator from Kansas,

Washington, D. C.

DEAR SIR: This letter is being written to tell you that we are definitely opposed to

the food-subsidy plan which is now before Congress.

We cannot help but feel that subsidy payments are just as inflationary as wage increases; that the taxpayer will bear the entire burden for the appeasement of a few radical labor leaders that seem to be running our Government. Proponents of the food-subsidy plan point to the success in England and Canada of subsidy in keeping living costs down, but we understand that labor costs are also definitely controlled. If prices of everything, including wages, were frozen, then we could see the possible necessity of subsidizing a few out-of-line commodities, but when it comes to leaving wages and a few pressure-group commodities open and then attempt to compensate the producer for a roll-back in price to appease the labor leaders, it is high time people of this country took some action and place men in charge of our Government that are forthright and have nerve enough to deal with such situations.

We know that you will take the proper action in dealing with this matter and hope that there is sufficient strength to defeat it.

Yours truly,

THE LIGHT GRAIN & MILLING Co.,
W. E. BUSH, Sales Department.

THE J. C. LYSLE MILLING Co.,

Leavenworth, Kans., June 21, 1943.

Senator ARTHUR CAPPER,

Washington, D. C.

DEAR SENATOR CAPPER: I take it for granted that you are opposed to the administration plan for subsidies on agricultural products.

The milling industry has gone on record as vigorously opposing the proposed administration subsidy program.

I, personally, am opposed to this subsidy plan—

1. Because it is an evasive, almost dishonest attempt to side-step the labor issue.

2. Because it represents huge, nonessential additions to the tax burden, at a time when taxes are intolerably high.

3. Because the subsidy plan, as proposed by the administration leaders, will not prevent inflation, but, on the contrary, will immeasurably increase the hazard of inflation and have a disastrous effect upon the economic structure of this country for years to come.

Yours very truly,

JAMES C. LYSLE, President.

Mr. BALL. Mr. President, it seems to me that so far in the discussion of subsidies and roll-backs of prices two facts have been overlooked. One is that inflation is a real danger on the home front today, probably the most serious danger. The estimate is that last year there was \$25,000,000,000 of excess purchasing power in this country. After individuals had paid all their taxes, had made all their individual purchases of bonds, and had paid their living expenses, they had \$25,000,000,000 left over to spend. In my opinion, it is that inflationary gap which has pressed steadily upward on prices, and so long as it is there—and this year it will be even larger—any "hold the line" program will be impossible until something is done about it.

It is estimated the excess purchasing power this year may reach \$35,000,000,000. If the Government continues to permit purchasing power to accumulate during another year or two of the war, so that it will be from \$75,000,000,000 to \$100,000,000,000 at the end of the war, and by subsidies or other means we attempt to hold price increases to a slow pace, that extra purchasing power of from \$75,000,000,000 to \$100,000,000,-

000 turned loose in our economy at the end of the war will create chaos. It is almost certain to bring about a runaway inflation, and make any sound, sensible post-war program for America almost impossible.

So far as I can see, neither the administration nor Congress is proposing any realistic program to take care of that excess purchasing power. Whether it is done through a retail sales tax, stiffer individual income tax rates, or compulsory savings, or a combination of all three, I am convinced—and I have sat through the consideration of all these bills in the Committee on Banking and Currency—that until the job of sopping up all this extra purchasing power is done, any measures to hold the line on prices and wages are doomed to failure.

Today we face this situation: The executive branch has told the country that it proposes to hold the line, and prevent a wage-price spiral upward, by the use of subsidies, a roll-back of prices, and a hold-the-line program. In common with most of the other Members of this body, I do not think it will work so long as from twenty-five to thirty-five billion dollars of excess purchasing power remain in the hands of the people, and nothing is done about sopping it up.

There is no proposal from the administration, and no proposal in Congress, to do anything about that problem. We are merely saying to the country that we do not believe the administration has the right answer, but we ourselves have not any answer.

Mr. President, I am not ready or willing to sit here and vote against subsidies, unsound as I think they are in substance—I do not think we can oppose them in principle, because Congress has voted subsidies for many purposes—I am not prepared to sit here and tell the country that we think the administration program to hold the line on inflation is unsound and will not work, when we have not any program of our own.

I am supporting the Bankhead-Taft committee proposal. That would allow the administration \$500,000,000 for subsidies to finance roll-backs on meat and butter, and to hold the line under the present program. Congress will return next fall, and we will then see how the program has worked, and I am hopeful that if the subsidy program proves that it cannot do the job, then either the Congress or the administration will propose a tax and compulsory savings program which will do the job. But I am very much afraid that if we deny the administration authority to try their answer to inflation, and propose none of our own, the country will be doomed to see prices and wages chase each other upward, and finally end in a real inflation.

Mr. JOHNSON of Colorado obtained the floor.

Mr. MALONEY. Mr. President—

The PRESIDING OFFICER (Mr. TUNNELL in the chair). Does the Senator from Colorado yield to the Senator from Connecticut?

Mr. JOHNSON of Colorado. I yield.

Mr. MALONEY. In discussing the subject of subsidies yesterday I said that I had on more than one occasion asked the

O. P. A. authorities if they would submit to the Committee on Banking and Currency the program of subsidies they intend to apply if the pending bill is approved. I was informed late yesterday afternoon, and again this morning, that they were working on an explanation of the plan which they will submit, and I hope to have it before the conclusion of this debate.

I have, however, received from the O. P. A. authorities, by way of Mr. Richard B. Gilbert, who is economic adviser to Prentiss Brown, a lengthy statement entitled "The Essential Role of Subsidies in the Stabilization Program." This paper sets forth the arguments of the O. P. A. in favor of the entire program. I fear Senators will not have a chance to read it before the conclusion of the debate, but I ask unanimous consent that the statement be printed in its entirety at this point in the RECORD, as I have the feeling that, regardless of what we do today, the subject of subsidies will be before the Senate again. I am hopeful, of course, that the committee bill will pass, but if it fails of passage, it is certain that this subject will confront us time and again. I think these arguments should be made available for the RECORD, for use in the future, and for the benefit of all those who are concerned with this all-important subject.

THE PRESIDING OFFICER. Is there objection to the request of the Senator from Connecticut?

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

THE ESSENTIAL ROLE OF SUBSIDIES IN THE STABILIZATION PROGRAM
THE STABILIZATION CRISIS

The present crisis on the economic front shows that the stabilization program urgently requires reinforcement. Such reinforcement must consist not only of the more vigorous use of the major controls which constitute that program; it must include the use of subsidies as a new major technique. In this connection it should be borne in mind that the national program for economic stabilization as it now stands has developed stage by stage. New elements and new techniques have been added as the growing pressures of war have altered the basic circumstances with which it has had to deal.

DEVELOPMENT OF THE STABILIZATION PROGRAM

Beginning in June 1940 with what was virtually a "price watching" program, it has expanded as the pressures have grown. Price watching became price control. Price control, originally selective in nature, was made general a little over a year ago. Farm prices have been made more fully subject to control. The fiscal program, embracing taxes, savings, and credit control, has been harnessed to the requirements of economic stability. Rationing of consumer goods has been introduced and expanded to insure equitable distribution. Control of incomes has been imposed, both to relieve the pressure of labor costs upon prices and to slow down the increase of income.

Thus, from a small beginning, appropriate to the minor dimensions of the problem in 1940, the policy has developed into a broad, many-sided program geared to the tremendous strains and pressures of an all-out war economy. This gearing, however, is not yet complete. That fact is clearly indicated by the present crisis, in which, while wage stabi-

lization has been made effective, the cost of living has continued to rise until the stabilization of wages, and with it the entire program, is jeopardized. To make the program effective, it must be strengthened and it must include full use of subsidies along the lines which the British and the Canadians have found so effective.

WAGES AND THE COST OF LIVING

The wage and cost-of-living elements of the stabilization policy are very closely linked, perhaps more closely than any others in the integrated program. Not only have wages and the cost of living exerted pressure each on the other in every inflationary period known to history, but in the national program this linkage has been expressly recognized and wage stabilization has been accepted on the basis of the declared policy to stabilize the cost of living. Under the Little Steel wage stabilization program, wage rate increases have been limited to 15 percent above January 1941 levels.

The cost of living, however, has risen 25 percent above the level of January 1941. Even since September 15, 1942, the date named by the Congress as the bench mark of wage and price stabilization, it has risen 7 percent. Maintenance of wage stabilization requires that the cost of living be reduced to the September 1942 level and stabilized there.

UNACCEPTABLE ALTERNATIVES TO THE ROLL-BACK

There is no alternative to rolling the cost of living back into line with wages. To take the other course and to adjust wages upward to match the rise in living costs would set the inflationary spiral in operation and make certain that a new crisis would arise every few months. A roll-back of the cost of living is therefore an inescapable move in the stabilization program. Such a roll-back, however, cannot be permitted to interfere with production. That, too, is a wholly unacceptable alternative, one that could not possibly be tolerated.

Why subsidies must be used

A problem of reconciling adequate production on the one hand and stable prices on the other arises in those cases where the price that would cover all production costs exceeds the level at which prices to consumers are to be stabilized. The producer must be assured this return and yet the consumer must not be required to pay more.

These are two distinct problems. The apparent conflict between them, however, is easily reconciled and the solution to both is obvious as soon as one recognizes that the price paid by the consumer need not be the sole source of return to the producer. What the producer gets from the ultimate consumer in the form of a market price can be supplemented, in those few cases where it is necessary, by payments from the Government. These payments permit him to receive an adequate return while the price to the final user is firmly held.

The need for supplementing these returns arises not only in cases where price ceilings must be reduced but also in cases where the cost of producing marginal output necessary for the war exceeds the ceiling price and where costs will increase.

Certain costs are bound to increase, regardless of our ability to stabilize raw-material prices and wage rates. New and more expensive raw materials may have to be substituted for those customarily used; less efficient facilities and less efficient labor may have to be utilized; foreign suppliers may raise their prices; the hazards of ocean shipping, traffic congestion, or break-downs may raise transportation costs. A variety of such dislocations is inevitable in wartime.

In many cases earnings are sufficient to permit these cost increases to be absorbed. In many other cases they may be met by compensating economies of production. There

will nevertheless be cases where returns must be supplemented. If prices were to be increased in such cases, stabilization could not be achieved.

It has become obvious to all that when we increase one price we make necessary other increases, we create new pressures throughout the economy, and we thereby make it impossible to achieve the goal of stability. This is, of course, a basic reason for supplementing producers' returns by using subsidies instead of raising prices. Less frequently appreciated is the fact that effective price control requires that a price, once fixed, should remain stable. If a price regulation has to be frequently amended or replaced by new regulations, it becomes complex and irritating to business. At the same time it becomes ineffective and unenforceable because the changes make it difficult or impossible for the consumer to know what the ceiling is. Thus both simplicity and effectiveness of price control require that price increases be avoided.

Savings made possible by the use of subsidies

There is widespread appreciation, both in Britain and in Canada, that the subsidy program, by making possible the stabilization both of living costs and of the wage bill, is saving the country far more than it is costing its treasury. The principles involved may be illustrated if we turn to the program now scheduled to go into effect in the United States and compare the cost of the subsidies with the costs that would result under the alternative wage and price adjustments.

Even when we take the narrow view and ignore the immeasurable damage that inflation could do to war production, war morale, and post-war adjustment considering only the narrow financial results of using subsidies to help prevent inflation, we find that subsidies are an enormously profitable investment as compared to the alternative. They save the Government and consumers far more than they cost. In fact, even if we ignore the saving to consumers, they save the Government alone far more than they cost.

DIRECT SAVINGS

The subsidies are to be used to prevent price increases, or in the case of meat, butter, and coffee, to permit price reductions. The price increases that will be avoided or the price reductions that will be directly secured by their use far exceed the amount of the subsidies. In the case of meat, butter, and coffee, the subsidies will cost from three hundred to four hundred and fifty million dollars. The direct saving to household consumers alone is equal to \$470,000,000. This saving reflects the lower margins which prevail in wholesaling and retailing when prices are low. Because of the practice of the distributive trades, whereby major costs move in the same direction as prices, any price reduction at the producer or processor level must result in a greater reduction at the retail level.

INDIRECT SAVINGS

This source of saving, substantial though it is, is the least important source of saving from subsidies. Far more important is the saving to the Government and to consumers that results from the avoidance of the wage increases that would occur if subsidies were not employed and from the avoidance of the price increases that such wage rises would make necessary. For we are faced today by a specific situation in which the alternative to subsidies is a break-down of the Little Steel wage stabilization formula, and a series of wage and price increases that would cost the Government many times the amount of the subsidy.

These savings can be estimated in dollars and cents. The meat, butter, and coffee program provides a clear example. This program will reduce the cost-of-living index by more than 1 percent. It is conservative to

assume that without this reduction wages and salaries would have to increase by four-fifths of this percentage. Some groups would probably be able to get a wage adjustment equal in percentage to the price increase that has occurred since September 15, the base date of the Stabilization Act. Others would be able to get much less. The figure of 0.8 percent wage adjustment for every 1 percent price change is a reasonable average. The reduction of the cost-of-living index amounting to 1.1 percent will, on this estimate, forestall a wage increase averaging about 0.9 percent. Since wages and salaries will equal over \$100,000,000,000 in the fiscal year 1944, the increase in the wage and salary bill that would occur without the meat, butter, and coffee price reductions would be over \$900,000,000.

What effect would this have upon prices?

The most conservative assumption that it is reasonable to make is that the value of output would go up on the average by no more than the increase of wages and salaries. In some cases, to be sure, profit margins are today so wide that an increase of wages could be absorbed out of these profits without an increase in prices. Where profits are already low, however—and this may be true for essential firms even if not for an entire industry—a wage increase would put pressure on prices for the industry as a whole. In still other cases prices are determined upon the basis of cost plus a percentage. This is true, for example, in distribution, for reasons already referred to. It is also true under many Government contracts where prices are based upon cost plus a percentage. Taking all these factors together, it is clear that the smallest increase to be expected in the value of a product as a result of a wage increase would be an increase equal in dollars and cents to that of the wage and salary cost.

This is not the end of the matter, however. The price increase that would result from the initial wage adjustment would raise the cost of living, and this, in turn, would require further wage adjustments.

TOTAL SAVINGS OF \$4 TO \$12 FOR EVERY DOLLAR SPENT

At the end of two wage and price adjustments, prices would have risen by \$1,300,000,000. The Federal Government alone will purchase about 55 percent of the gross national product and would presumably have to pay a roughly similar proportion of any price increase. The saving on Government expenditures through the avoidance of price increases that the Government would otherwise have to pay is therefore about \$720,000,000. The saving to consumers from the avoidance of these price increases is \$550,000,000.¹ When the direct saving to consumers from the price reduction on meat, butter, and coffee is added to this, the total saving to consumers amounts to \$1,020,000,000. Thus, the total saving on expenditures for Government and consumers together amounts to \$1,470,000,000, since the cost of this program will be between \$300,000,000 and \$450,000,000 a year. The ratio of saving to cost is roughly between 4 and 6 to 1.

If we make the somewhat less conservative, but perhaps more realistic, assumption that a rise in wages will bring about an equal percentage increase in prices, the saving is still greater. On the basis of this assumption, savings on Government expenditures alone are estimated at almost \$1,750,000,000. Savings to consumers from the avoidance of price increases are \$1,300,000,000, and when the direct savings resulting from the price reduction is added, the total savings

to consumers amounts to about \$1,770,000,000. This is a total of over \$3,500,000,000 on Government and consumer expenditures together. The cost of subsidy needed to obtain this result being at most \$450,000,000, and possibly as low as \$300,000,000, the ratio of saving to cost on this assumption is therefore no less than 7½ to 1 and may run 12 to 1.

DIFFERENTIAL SUBSIDIES

This cost estimate, it must be noted, reflects payments to all parts of the industry. Across-the-board payments are not typical of subsidy programs and the ratio of saving to cost will ordinarily run substantially higher than has been estimated for the meat, butter, and coffee program. Ordinarily subsidies may be limited to only part of an industry because of the market variation in costs among firms in the industry. Under such circumstances, earnings may be satisfactory for the industry as a whole, while for some firms, or for additional production by otherwise low-cost firms, costs may be above the ceiling price. In such cases, subsidy payments, while necessary to cover these costs, may be limited solely to the high-cost production.

The most striking example of subsidies to marginal producers is the premium price plan for copper, lead, and zinc which has been operating since February 1942. In the case of copper, for example, the use of a subsidy saves the Government at least \$28 for every dollar it spent.

If the high-cost copper had been obtained in 1942 by permitting the price of all copper to rise from the ceiling level of 12 cents to the price of 17 cents that is necessary to cover high-cost production, the Government would have paid an additional \$280,000,000 in 1942. To avoid this the Government paid 17 cents only for the high-cost copper and sold it to manufacturers of war goods for 12 cents. It thus took a loss on the high-cost copper of 5 cents a pound. This loss is the subsidy. Since virtually all copper mined goes into war goods bought by the Government, the subsidy makes it possible for the Government to avoid paying the 5-cent premium on the overwhelming bulk of the output and thus saves considerable expense in the purchase of war goods. In 1942 it cost the Government about \$10,000,000 to save the \$280,000,000 that it would have had to pay in additional direct costs of the copper component of war materials. Moreover, since the increase would undoubtedly have been pyramided in the price of the finished war goods, the saving is undoubtedly much greater than the indicated 28 to 1. That is a saving with a vengeance.

Method of granting subsidies

Several possible mechanisms are available for making these payments. One is a direct payment of the subsidy to producers, or distributors, depending upon where the pressure on returns is being felt, or, in case prices for the industry are realigned generally, where the subsidy can be most efficiently administered. This commonly is at the processor level.

A second method is for the Government to purchase the entire output of the product to be subsidized and to sell it back to the industry or to consumers at a lower price than was paid. The loss resulting from sale at the lower price constitutes the subsidy. By this means the Government can pay a price to the producer high enough to insure that he will get adequate returns, while at the same time the product can be made available to processors and distributors and thereby to consumers at a lower price than would be possible without the subsidy.

This method, like the first, is used extensively in Canada and Great Britain. In Canada, the Commodities Price Stabilization

Corporation, especially created for the purpose, conducts these purchases and sales. This method has also been used in the United States to some extent. The Commodity Credit Corporation purchases crude vegetable oils, for example, from refineries and sells it back to them at one-half cent per pound less, thus permitting these fats and oils to be processed and sold at stable prices, while maintaining the Department of Agriculture's support price so that production of the vegetables may be increased.

The third method of subsidy, which in fact is only a variation of the second, is for the Government to purchase, not the entire output, but that portion of the output of a commodity which is produced at a cost higher than the price ceiling permits and to sell it to the industry at the ceiling price. This method has been used with extraordinary savings to the Government in premium price plan for copper, lead, and zinc, already cited above.

A fourth method of subsidization is the provision of a service by the Government at a loss. This method is used only in connection with the provision of services that have mounted in price directly because of war conditions. For example, the War Shipping Administration, in order to stabilize the cost of war risk insurance to shippers, insures commodities at stable rates and absorbs any excess of claims paid over premiums. Commercial insurance rates have skyrocketed because of submarine activities. Without the Government's program for providing insurance at stable rates, the continued importation of goods at stable prices would have been impossible.

Analysis of objections to subsidies

The program to expand the use of subsidies into one of the key techniques for stabilizing the cost of living has given rise to a host of objections. Most of the objections to the use of subsidies ignore the alternative to their use and are without foundation. Let us consider each of these objections in turn, remembering as we do so that the alternative to the use of subsidies is a rise in the cost of living and resumption of the upward spiral of prices and wages.

OBJECTION NO. 1. SUBSIDIES (LOWER PRICES) ARE THEREFORE INFLATIONARY

This objection takes various forms. In its most confused form the argument is that subsidies to hold down or reduce prices leave people with more money to spend upon other commodities, and that they are therefore inflationary.

Now, of course, to say that lower prices are more inflationary than higher prices is to say that down is up. Probably what people have in mind when they make this argument is that if we were to let prices go up without letting incomes go up—a virtually impossible task—the price increase would prevent or discourage people from buying, and that if we hold prices down we shall have to restrict their purchasing by other means.

But this necessity exists in any case. That is just why we have rationing. We do not propose to restrict purchases of necessities to consumers through letting prices rise. To do that would be to distribute the supplies to the people who have the longest purses. It is precisely to avoid such an inequitable distribution of scarce necessities that we have price control and rationing in the first place.

In any case, this argument completely overlooks the fact that if prices were permitted to rise, wages and other incomes would have to be adjusted to the increased cost of living. Moreover, the rise in parity prices would require an increase of ceilings on farm prices and thus would result in an increase of farm income. The increase of incomes resulting from these adjustments would give consumers far greater purchasing power than would be absorbed by the higher prices themselves.

¹The balance of the \$1,300,000,000 saving would accrue on purchases of the now negligible amount of private new capital formation.

These adjustments, therefore, magnify the consequences of a price rise. On the other hand, even an across-the-board subsidy avoids this inflationary result, and a subsidy that is limited to high-cost production reduces still further the relatively small increase of income resulting under any subsidy program. Thus, the premise of this argument, that subsidies release more purchasing power for expenditures upon other commodities than would a price increase, with all its indirect effects, is simply not correct.

OBJECTION NO. 2. SUBSIDIES INCREASE WAR EXPENDITURES, THUS FEED INFLATION

Another reason is advanced for supposing subsidies to be inflationary. They involve an additional expense to the Treasury at a time when war expenditures are rising to previously unheard-of levels. Since it is recognized that the increase of war expenditures is the underlying cause of the inflationary danger, does it not follow that a further increase, such as is involved in the payment of subsidies, aggravates that danger? Here again the answer is clear so long as the alternative to subsidies is borne in mind.

A rise in prices would involve an increase in Government and private expenditures far greater than the increase which the subsidy expenditure involves. In fact, the increase in Government expenditures alone that a price increase would cause is far greater than that involved in the payment of subsidies. This follows from the fact that the Government is now the major buyer of goods in the American economy. It has been noted above that in the fiscal year 1944 the Government will probably purchase at least 55 percent of the gross national product. Its expenditures will be over \$100,000,000,000. A 1-percent increase in the prices Government must pay would cost it more than \$1,000,000,000. The subsidies required to forestall such an increase fall far short of such a sum. Thus, even when one looks only at the effect on the Public Treasury, the cost of subsidies is much less than the cost of rising prices. Contrasted with the alternative, subsidies not only constitute a definite economy, but they also involve a smaller injection of purchasing power, and, therefore, are not inflationary.

OBJECTION NO. 3. SUBSIDIES ONLY CONCEAL PRICE RISES

Another objection sometimes made is that the use of subsidies does not prevent price increases; it merely conceals them. The basis of this argument is the claim that the subsidies involve taxes which are as great as the price increase that is avoided. For example, it is said that the use of a subsidy to avoid an increase in the price of butter from 45 to 50 cents a pound merely means that the public pays 45 cents for butter and 5 cents in taxation instead of paying 50 cents for butter, and that the public is no better off.

Here again the argument ignores the indirect effect of a price rise upon wages and upon prices generally. It cannot be stressed too greatly or too frequently that, whether the cost of subsidies is financed by taxation or by borrowing, the increase in the tax load or in the public debt is far less when subsidies are used than when prices are permitted to rise.

Furthermore, the argument that the public is no better off because what it saves in prices it pays in taxes ignores completely the very great difference in the impact of a price increase and the impact of additional taxes among income groups. Under our democratic system of progressive taxation, additional tax revenues are raised predominantly in accordance with ability to pay. A price increase, on the other hand, takes equal amounts from every purchaser regardless of his income and thus takes a higher percentage of low than of high incomes.

The fact that inflation does bear so heavily and so unfairly on low-income groups is a major reason for imposing price control in

the first place. To say now that it does not matter to the consumer whether price increases are prevented or not is to deny completely this basis for price control. Where the argument is not grounded in ignorance or naïveté, it can only be a back-door attack on the anti-inflation program.

OBJECTION NO. 4. CONSUMERS CAN AFFORD HIGHER PRICES

A somewhat similar fallacy underlies the point, frequently made, that price increases are not objectionable because consumers have such high incomes that they can afford to pay higher prices. Figures are then cited to show that total income of consumers has risen by more than the cost of consumers goods and that consumers are consequently spending a smaller proportion of their incomes than ever before. Here again the use of total figures conceals one of the major problems that price control is designed to meet.

The increase of total consumer income reflects extremely large increases in the incomes of some consumers and, at the same time, very small increases or no increase at all in the incomes of other consumers. The annual earnings of large groups of the population have not risen by nearly enough to compensate for the rise in the cost of living and in many cases have not risen at all. Between January 1941, the base date for wage stabilization, and March 1943, weekly earnings in all nonagricultural establishments rose 32.5 percent. When corrected for the rise in the cost of living during the same period, this percentage is drastically lowered to 8.8. Within nonagricultural establishments as a whole, real earnings have risen 29 percent in manufacturing and 27 percent in mining. In trade, in government, and in finance and service, on the other hand, real weekly earnings have actually declined by from 3 to 10 percent.

People dependent upon fixed incomes are invariably squeezed in a period of rising prices. The contraction in the value of their incomes far exceeds the squeezes that are the subject of much vociferous complaint. The victims of the cost of living squeeze are not organized into well-financed associations to assert their claims, but they are nevertheless an important fraction of our population. Over 3,300,000 of our citizens are employed by State and local governments as policemen, firemen, school teachers, etc. They and their families depend for a living upon virtually fixed salaries. Over 2,500,000 more are in the service of their National Government on the same basis. Recipients of public assistance, numbering 3,000,000, and 860,000 veterans who served their country honorably in past wars likewise depend in varying degrees upon fixed incomes which have already depreciated and will depreciate more if prices are permitted to rise further. The people of this country own 120,000,000 life insurance policies and over 14,000,000 savings bank deposits. Their work and morale are vital to the successful operation of the economy.

The front behind the battle front would suffer if we failed to carry out our obligations under the stabilization program. Moreover, the families of our fighting men are, in whole or in part, dependent on fixed allotments while their breadwinners are away. If for no other reason, for the sake of these men at the front, the welfare of their families must be protected. These people do not have great organizations to speak for them. They expect and demand protection from their Government. The fact that the incomes of so many consumers remain the same in money amount while the cost of living rises for all is the very characteristic of inflation that causes inequitable distribution and indiscriminate hardship. The rise of total consumer income is irrelevant.

Moreover, the fact that total consumer income has increased more than the value of consumers' goods is itself largely a reflection

of inflationary forces, although it also reflects our success in controlling prices. Expenditures on consumers' goods have been held down because the physical quantity of consumers' goods has been curtailed and price rises have been restrained, while the increase in incomes reflects increasing production and employment on war goods, and inflationary increases in wage rates, profits, and farm prices.

The increase of consumer income in excess of the rise in the value of consumers' goods and services is a general characteristic of inflationary periods. If incomes did not rise faster there would be no upward pull upon prices—there would be no inflation. The disproportionate growth of consumer income is, in other words, a reflection of the very thing that causes the inflationary pressure. To raise prices on the theory that the high level of consumer income justifies an increase would inevitably result in further increases of profits, farm incomes, and wages, and therefore of consumer incomes. The increase of consumer incomes would, on this theory, justify still further price increases. This in turn would force further increases in consumer incomes, and so on, indefinitely. Thus, if this argument were to be translated into practice it would result in continuously rising prices.

OBJECTION NO. 5. COSTLY SUBSIDIES—TINY SAVINGS

Another related fallacy is involved in the objection that the saving to the public from the avoidance of particular price increases would be only a few dollars per person and that the prevention of this increase in prices through a subsidy program is not worth the effort it involves. This argument has all the characteristics that appear in arguments against price control. Not only is it wrong as to the facts, but it is designed to lull the public into forgetting that inflation must be fought every step of the way.

It is wrong as to the facts because it takes into account only the initial price increase that the subsidy avoids, while completely ignoring the forces that cause one price increase to give rise to others and thus to generate that spiral of inflation, the danger of which is generally recognized.

Second, the argument that any given price increase is insignificant is the siren song that all price-controlling authorities have to resist. No single price increase taken by itself will upset the economy, say applicants for a higher price. It is true that a particular price increase is insignificant, but the enormous sum total of consumers' goods itself consists of a large number of just such separately "small" components and it is precisely with the multitude of such individually minor pressures that the price-controlling authorities must cope. Such small increases, each one directly affecting only a tiny fraction of the total volume of goods, are, when taken together, just the stuff of which inflation is made.

Furthermore, again the point comes to the fore, these "small" increases are not small to those at the lowest levels of income, whose need for protection against the burden of inflation is greatest. The use of an average figure to indicate what a price increase would mean to consumers disregards completely the fact that sums which are relatively small to people in the middle and higher income brackets are substantial to those less fortunately situated.

OBJECTION NO. 6. IF SUBSIDIES ARE USED NOW, WON'T PRICES FALL WHEN THEY ARE WITHDRAWN AFTER THE WAR?

The answer to this question is a flat "No." Subsidies are proposed as a part of the price-control program. They will be withdrawn only when the danger of inflation has disappeared, a time when retail price ceilings can also be removed. Thus there will be no squeeze when the subsidy is withdrawn.

Not only is there no reason whatever to suppose that the withdrawal of subsidies will cause a decline in prices to producers, but there is good reason to suppose that a subsidy program makes a decline far less likely to occur. If we permit an inflation to develop, a sharp post-war fall in agricultural prices is virtually inevitable. Since the price-stabilization program cannot work without the subsidy program, a sharp rise and a sharp fall of prices is far more likely to occur without such a program than with one.

Moreover, when the war ends producers will not have to work under forced draft, as at present. Cultivation will not have to be so intensive and costs will be lower, so that even if prices to producers do decline somewhat, producers' net incomes need not fall. So far as any drastic fall is concerned, the Government has already guaranteed to support prices of a substantial list of major agricultural commodities at 90 percent of parity for 2 years after the war.

OBJECTION NO. 7. SUBSIDIES ARE NO SUBSTITUTE FOR ENFORCEMENT

Beyond these objections, which fail to take into account the basic nature of inflation, are certain other points which are valid and which require consideration. The first is that there is no use in preventing price ceilings from being raised if they are only disregarded and that under such circumstances it would be better, in fact, to permit the ceilings to rise so that the illegal margin between selling prices and actual prices is decreased and money taken out of the hands of violators of the law. This is not an argument against subsidies; it is an argument in favor of enforcement. The Government does not propose and never will propose the use of subsidies as a substitute for enforcement. On the contrary, it proposes to push enforcement harder than ever, and it is taking effective steps to do so.

The Office of Price Administration is simplifying its controls by replacing the diverse ceilings that existed under the General Maximum Price Regulation and other regulations by dollars-and-cents price ceilings, which are as uniform as customary trade practices and cost differentials permit. This program has gone far and it is being pushed further. It will permit consumers to know what price ceilings are and will make it possible for them to recognize violations where they exist. This program constitutes a major advance in the enforcement of price control. In addition, the Price Administrator has requested appropriations to permit the employment of 1,800 more enforcing agents. Finally, the subsidy program itself will contribute to the enforcement of price ceilings by enabling the Office of Price Administration to check up on conformity with its regulations simultaneously with the administration of the subsidy program.

OBJECTION NO. 8. SUBSIDIES ARE SUBJECT TO ABUSE

It is also argued that a subsidy program is subject to abuse. That possibility does exist. It exists with any Government program and it must be guarded against. The Government recognizes that a subsidy policy must be hedged about with safeguards. A great deal of thought has been given to this problem, and standards have been developed for the application of this policy.

The existence of this problem, however, should not inhibit us from taking necessary action. Standards to protect the Public Treasury and to make certain that no vested interests grow up are no more necessary in connection with the subsidy program than they are in connection with many other programs which governments all over the world are not prosecuting. They have been developed in connection with procurement programs; they can and will be developed in connection with the subsidy program. The

question is simply whether we will face the danger of one potential evil or whether, fearing it, we will subject ourselves to a certain and greater evil.

We do not refuse to fight the war merely because the procurement of munitions opens the door to abuse. On the contrary, we face that problem and surmount it in order to accomplish the greater purpose. We shall do the same in connection with the subsidy program. What is at stake in this program is the success of our fight against inflation, and at stake in that fight, in turn, is the successful prosecution of the war and of the peace.

Foreign experience

No other major belligerent has accepted either the alternative of rising prices or that of strangled production. All have insured full production within the framework of stable prices. They have done this by using subsidies to insulate the cost of living from rising production costs. It is the wise and effective use of subsidies that has enabled both the British and the Canadians to reconcile the imperative of economic stability with the imperative of war production.

The miraculous production achievements of the British are widely known. It is not so well known that for over 2 years the cost of living in Britain has been held to virtually absolute stability and the cost of foods has even been reduced. Evidence of the effectiveness of British stabilization is found in the fact that, whereas between the outbreak of war and May 1941, the cost of living rose 29 percent, between the later month and April 1943, it actually fell 1 percent. During this period, moreover, the retail price of foods in Britain, which had risen 25 percent above pre-war levels, was reduced 3.7 percent.

Similarly in Canada: Cost of living stabilization was made national policy in December 1941, and subsidies were used from the outset in effectuating that policy. The cost of living had risen 15 percent at that time. In the year and a half that followed, down to May 1943, the net increase in the cost of living was only 2 percent. Several successive roll-backs, made possible by subsidies, accomplished this, and in June 1943 a new roll-back was scheduled to reduce or eliminate even this slight rise.

The relation between the effectiveness of the British and the Canadian stabilization and the use of subsidies is indicated by the extent to which prices entering the cost of living index are subject to subsidy. In Britain 92 percent of the food component of the cost of living index is affected by subsidy. This means that 55 percent of the total cost of living index is effected by food subsidies alone. In Canada, 68 percent of all foods and 21 percent of the cost of living are subject to subsidy.

In both countries, the stabilization of the cost of living has been closely linked in policy with stabilization of wages. In Canada both wages and prices were brought under control simultaneously, whereas in Britain no such across-the-board policy has been found necessary. In both, however, wage rates have exhibited much greater stability since the cost of living has been stabilized. Under the Canadian scheme of control, wage rates are formally linked to the cost-of-living index and a cost-of-living bonus is payable to offset increases in the official index. A similar result is obtained in Britain due to the fact that one-third of the wage contracts there formally incorporate cost-of-living adjustment provisions, while wage bargaining as a whole reflects the same basic consideration.

The experience of Great Britain and Canada is a striking demonstration of the effectiveness of subsidies as part of an inte-

grated system of price control. Subsidies work—they enable a country to hew to the line on a tough stabilization policy and at the same time to get production to the limit of its capacity.

The present crisis

The same circumstances that forced other belligerents to use this instrument now face us. The urgency of the immediate use of subsidies cannot be too greatly stressed. We cannot stand still. Unless the cost of living is rolled back to September levels, it must rise. There is no possibility of stabilizing it at its present levels because, unless it is rolled back, it must force the abandonment of the present wage-stabilization formula. The upward adjustment of wages will be a signal for enactment of the Bankhead and Pace bills, which will boost farm prices substantially. Prices generally, under these twin pressures, will shoot upward and the cost of living will rise well above its present level. The consequences that would follow hardly need elaboration. We would be caught up once more in the inflationary spiral and under pressures which would push us along at a catastrophic pace. That we must avoid by prompt action, action which will make up for the ground lost since last September, action which will include the full appropriate use of subsidies. Only in this way can we emerge successfully from the present crisis and insure that it shall be the last on the economic front.

Mr. MALONEY. Mr. President, following the statement already placed in the RECORD, in an attempt to make the record complete I ask unanimous consent to have printed in the RECORD a press release issued by the Secretary of Commerce on May 25, 1943, which shows to what extent subsidies are now being used.

There being no objection, the press release was ordered to be printed in the RECORD, as follows:

STATEMENT OF JESSE H. JONES, SECRETARY OF COMMERCE, BEFORE THE SUBCOMMITTEE ON FOOD OF THE SENATE COMMITTEE ON AGRICULTURE AND FORESTRY, TUESDAY, MAY 25, 1943

The President on May 2 stated that Government will continue to take all necessary measures to eliminate all unjustified and avoidable price increases. He further stated that measures will be taken to roll back the price of meats.

In carrying out this policy, the Price Administrator announced that he would reduce not only the price of meats, but the price of butter and coffee approximately 10 percent to the consumer.

The only way to accomplish this without forcing a reduction in prices to the hog, cattle, and sheep raisers, and the dairy industry, was through subsidy payments to the processors.

The Reconstruction Finance Corporation has authority under section 2 (e) of the Price Control Act to buy and sell or to subsidize those materials that are designated by the President as critical and strategic. The materials that are to be subsidized under the immediate program have been so designated.

The Price Administrator has requested the subsidy payments. The Director of the Office of Economic Stabilization has issued a directive to the Reconstruction Finance Corporation to make the payments, and the President has approved the directive to the extent of \$450,000,000.

Subsidies in one form or another have been a matter of administration policy since 1940, first in the defense program and later in the war effort.

Due to submarine warfare we are paying excess transportation charges and, in some instances, excess cost on petroleum products.

We are paying excess transportation costs on coal to New York and New England.

We paid transportation costs in distributing sugar throughout the country up to December 16, 1942. This included sugar from Cuba and moving beet sugar from the West to the New England area. Since then, Commodity Credit Corporation has handled sugar.

We pay abnormal transportation costs and losses on the purchase of nitrates and fibers from Latin America, and on various metals, minerals, and rubber from Latin America and elsewhere abroad.

In addition to the foregoing, we are paying premiums on excess domestic production of copper, lead, and zinc.

We are causing the production of various and sundry metals in this country through buying them at a high price and selling them at ceiling prices.

In addition to copper, lead, and zinc, these include arsenic, beryllium, cadmium, chrome, cobalt, fluor spar, graphite, iron ore, kyanite, magnesium, manganese, mercury, mica, molybdenum, rutile, spodumene, talc, tantalum, tin, tungsten, and vanadium.

These materials come from one or more of the following States: Pennsylvania, Utah, Texas, Arkansas, Alaska, California, Idaho, North Carolina, Oregon, Washington, Montana, Vermont, Michigan, Arizona, Missouri, Alabama, New Jersey, Colorado, Georgia, Nevada, New Mexico, Oklahoma, South Dakota, Tennessee, Virginia, West Virginia, Wyoming, and New York.

We are buying and selling scrap metals and scrap rubber at substantial losses, as well as used tires.

We are buying binder twine in Mexico and selling it at a loss.

We are paying excess costs of production to a few wood pulp producers in New England to keep them from closing down.

All of these things are being done with the approval of the President, and at the request of war policy agencies such as the State Department, War Production Board and its predecessors, War Department, Navy Department, Petroleum Administration for War, Rubber Director, Board of Economic Warfare, Office of Price Administration, and now the Director of Economic Stabilization.

A meeting was held Saturday, May 22, 1943, attended by the Director of Economic Stabilization, representatives of Office of Price Administration and Commodity Credit Corporation, Food Administrator Chester Davis, and Reconstruction Finance Corporation officials, at which it was determined to consult with representatives of the industries involved, to determine the most practical methods of carrying out the subsidy order on meat, butter, and coffee.

Those meetings are scheduled for Thursday and Friday of this week.

Mr. BUTLER. Mr. President, will the Senator from Colorado yield?

Mr. JOHNSON of Colorado. I yield.

Mr. BUTLER. I wish to ask a question of the Senator from Connecticut, who has just spoken. I did not get the point of his remarks. Perhaps what he said has made it perfectly plain. Apparently the Senator inserted something in the RECORD dealing with the general subject of subsidies.

Mr. MALONEY. That is correct.

Mr. BUTLER. Is it the report which was proposed to be made to the Price Stabilizer, Mr. Justice Byrnes, by a board appointed about the time he took over the position of Price Stabilizer?

Mr. MALONEY. It is not. It is simply the argument of the O. P. A. in favor of subsidies.

Mr. BUTLER. I may say that, as perhaps the Senator from Connecticut knows, that a board of the kind to which I refer was appointed at the time Mr. Justice Byrnes assumed the position of Price Stabilizer. The Board was made up of a very prominent group of Government officials, and it is assumed that its report has been ready for some time. No one, however, has been able to get hold of the contents of the report. I think it would be highly beneficial if that report were made available to Senators at this time. When the subsidy plan is once unleashed it will be very hard to stop it. I think already in Government circles the subsidy idea has gained such prominence that it constitutes a real threat to a sound Federal fiscal policy. I hope the Senator from Connecticut and other Senators on the majority side of the aisle will do what they can to bring to light the report which was made by the Special Survey Board for the benefit of Mr. Justice Byrnes when he took over the position of Price Stabilizer. It would be well to have that report placed in the RECORD along with the report which the Senator from Connecticut has just inserted in the RECORD.

Mr. MALONEY. Mr. President, I do not have a copy of the report to which the Senator from Nebraska refers. Has the Senator a copy of it?

Mr. BUTLER. I have tried to obtain a copy, but have not been able to do so. I thought perhaps the Senator from Connecticut might be able to obtain a copy.

Mr. MALONEY. I am sure that, if the able Senator from Nebraska has not been able to obtain one, I would have difficulty in doing so.

Mr. JOHNSON of Colorado. Mr. President, a few moments ago the Senate gave unanimous consent to acceptance by the Senator from Missouri [Mr. CLARK] of the amendment proposed to his amendment by the Senator from Georgia [Mr. GEORGE]. It was understood at the time that that amendment was not entirely satisfactory to some of the mining interests, and it was indicated that there would be no objection to a reconsideration of the Senate's action.

Mr. BANKHEAD. I wish it understood that in view of the statements made at the time that a motion to reconsider would be in order, I did not object.

Mr. JOHNSON of Colorado. The Senator from Oregon [Mr. McNARY] stated that there would be no objection on his part, and I took it for granted that all Senators who heard his statement concurred in what he said. Otherwise, I should have objected to inclusion of the George amendment in the Clark amendment.

I desire to offer a perfecting amendment to the George amendment, which meets objections the mining industry has to the George amendment. I send to the desk my perfecting amendment to the George amendment, and ask that it be stated. I ask that the clerk read the George amendment, which is very short, together with the insertions I have placed

in it, and the language I propose to add at the end thereof. The matter will be in a more intelligible form then.

The PRESIDING OFFICER. The clerk will read as requested.

The legislative clerk read as follows:

Provided further, That the Reconstruction Finance Corporation, through its subsidiary corporations, is authorized to borrow money and (a) to pay to shippers of commodities and others the increased cost of transportation resulting from the war emergency and (b) to pay subsidies relating to, or purchase for the purpose of selling at a loss, strategic and critical materials necessary to the manufacture of equipment and munitions of war for the United States Government or any of the United Nations, and to subsidize the high-cost production of minerals to increase the production thereof: *Provided further*, That in any case in which a commodity is domestically produced, the powers granted to the Reconstruction Finance Corporation by the foregoing proviso shall be exercised with respect to the importations of such commodity only to the extent that, in the judgment of the Reconstruction Finance Corporation, the domestic production of the commodity is not sufficient to satisfy the demand therefor.

Mr. JOHNSON of Colorado. Mr. President, I now ask unanimous consent that the George amendment which has already been accepted to the Clark amendment, be perfected in accordance with the language read at the desk.

The PRESIDING OFFICER. Is there objection?

Mr. BANKHEAD. Mr. President, reserving the right to object, I wish to say that I think this is an extremely important amendment, and that, except for a small group of Senators, no one has had an opportunity to examine it closely. The amendment may be a very worthy one. However, I think it should be examined carefully. So important an amendment should not be adopted simply after a reading of it at the desk. So I will ask the Senator from Colorado to let the amendment lie over for a little while until we shall have an opportunity to examine it.

Mr. WHEELER. Mr. President, it embodies a provision which is in the law.

Mr. JOHNSON of Colorado. It is already in the law.

Mr. BANKHEAD. What is the need of again placing that language in the law if it is already in the law? I am not opposed to what the Senator is trying to do, if I correctly understand his purpose. I would at all times support what he has in mind to do, but I think in a matter of this sort Senators other than those who have already had an opportunity to examine the amendment closely should be given an opportunity to examine it for themselves. If the language is already contained in the law I do not know why the Senator proposes to insert it again in the law, unless the language referred to has been repealed, and it is the Senator's desire to reinsert it. If the language is now in the law, I should like to examine the law itself to see its effect. I think that is a reasonable request, Mr. President.

Mr. GEORGE. Mr. President, so far as concerns the modification which the Senator from Colorado proposes to make

in the amendment which I offered, which is literally in the language of the Senator's own amendment—

Mr. BANKHEAD. Yes; that is true.

Mr. GEORGE. It is purely technical. It does not change it at all. The effect is not at all changed. The addition at the end of the amendment is of a provision which now is contained in subsection (e) of section 2 of the Price Control Act which the Clark amendment would repeal. The Senator from Colorado is merely seeking to restore that part of it.

Mr. BANKHEAD. Has the Senator from Ohio examined the amendment?

Mr. TAFT. Mr. President, I do not think I have read all of it. I have seen one part of it.

Mr. JOHNSON of Colorado. Mr. President, do I have the floor?

The PRESIDING OFFICER. The Senator from Colorado has the floor.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. TAFT. Let me ask what amendment the Senator is offering?

Mr. JOHNSON of Colorado. A perfecting amendment to the George amendment which was accepted by unanimous vote a few minutes ago with the understanding that it might be reconsidered and perfected.

Mr. TAFT. Mr. President, I make the point of order against the amendment, that it is an amendment in the third degree.

Mr. BANKHEAD. Mr. President, the Senator has requested unanimous consent to offer his amendment.

The PRESIDING OFFICER. The Senator from Colorado has requested unanimous consent to offer the amendment at this time.

Mr. JOHNSON of Colorado. Mr. President, let me say to the Senator from Ohio and the Senator from Alabama that the language in my amendment appears in an amendment which I submitted yesterday, and which lies on the table, and which was on the table at the time when the George amendment was agreed to. The provision covered by my amendment is in the present law. My amendment would merely reinstate it for fear that the amendment offered by the Senator from Missouri [Mr. CLARK] might repeal that particular provision of section 2 (e).

Mr. TAFT. Mr. President, let me raise a technical question relative to the amendment. The amendment would insert the words "through its subsidiary corporations", so that the language would read:

Provided further, That the Reconstruction Finance Corporation, through its subsidiary corporations, is authorized to borrow money and pay (a) to shippers of commodities or others the increased costs of transportation resulting from the war emergency, and (b) to pay subsidies relating to, or purchase for the purpose of selling at a loss, strategic and critical materials necessary to the manufacture of equipment and munitions of war for the United States Government.

The Reconstruction Finance Corporation never borrows money through a subsidiary corporation.

Mr. JOHNSON of Colorado. No; but it buys metals through the Metals Reserve Company; and Mr. Goodloe thought that language was necessary, and it was inserted.

Mr. TAFT. But the Metals Reserve Company does not borrow money.

Mr. JOHNSON of Colorado. No one contends that it borrows money or provides for the borrowing of any money.

Mr. TAFT. But the language reads:

Provided further, That the Reconstruction Finance Corporation, through its subsidiary corporations, is authorized to borrow money and pay (a) to shippers of commodities—

And so forth. In other words, the point I am attempting to make to the Senator is that the place at which he proposes to have the language inserted is not the proper place.

Mr. JOHNSON of Colorado. I favor no particular point for the insertion of the language. If the Senator can find a better place in the amendment to insert the language, I shall be perfectly satisfied to have that done, and I am sure everyone else concerned will be.

Mr. AIKEN. Mr. President, will the Senator from Colorado yield for a question?

Mr. JOHNSON of Colorado. I yield.

Mr. AIKEN. I do not have the Reconstruction Finance Corporation Act before me; but I notice that the amendment provides that subsidies may be provided for—

Any commodity which has heretofore or may hereafter be defined as a strategic or critical material by the President pursuant to section 5d of the Reconstruction Finance Corporation Act, as amended—

Mr. JOHNSON of Colorado. What is the Senator reading, Mr. President?

Mr. AIKEN. The proposed amendment of the Senator from Colorado.

Mr. JOHNSON of Colorado. That is not the pending amendment at all. I merely offered the language as a perfecting amendment to the amendment of the Senator from Georgia. The part of my amendment which the Senator has just read is not being considered at the present time.

Mr. AIKEN. I thought the Senator from Colorado was discussing all the amendment, and I was going to ask him if there is any limitation on what the President may define as a strategic or critical material.

Mr. JOHNSON of Colorado. Strategic and critical materials are very well defined. The expression is commonly used, and I do not think any difficulty would arise along that line.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I am glad to yield.

Mr. HATCH. Is it the thought of the Senator from Colorado that the acceptance of his proposed perfecting amendment would only preserve the law as it now exists, and would make certain that it would not be changed or repealed?

Mr. JOHNSON of Colorado. That is exactly the point—merely to preserve the law as it is, and to escape any dangers which might possibly result from annulling or wiping out certain provisions of

section 2 (e) of the present law for the protection of the mining industry.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. CLARK of Missouri. I should merely like to say that, of course, I have no right to accept a modification of my own amendment, by reason of the fact that the yeas and nays have been ordered by the Senate on my amendment. If I still had control of my amendment, and if it were possible for me to accept the modification suggested by the Senator from Colorado, I should be very glad, indeed, to do so.

I hope that statement satisfies Senators who are concerned about the matter of strategic minerals—a subject with which there never was any intention whatever on my part to deal in my amendment.

Mr. JOHNSON of Colorado. Mr. President, the suggestion made by the Senator from Ohio [Mr. TAFT] to place some of the language in another part of the George amendment, if agreed to, I am certain would improve the amendment. I ask unanimous consent that the suggestion made by the Senator from Ohio, that the proposed language be inserted in line 3, after the word "and", rather than after the word "Corporation", be accepted as a part of my amendment.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Colorado for unanimous consent to incorporate in the amendment of the Senator from Missouri [Mr. CLARK], as modified, certain proposed language?

Mr. BUTLER. Mr. President, will the Senator yield for a question?

Mr. JOHNSON of Colorado. I yield.

Mr. BUTLER. Not being an attorney, I simply want to be rather certain that I understand what the Senator's object is. His proviso would continue the provisions of the present law with reference to strategic materials, I understand.

Mr. JOHNSON of Colorado. That is correct—strategic minerals.

Mr. BUTLER. That is the point. Does the amendment refer to strategic minerals, or does it refer to strategic materials, which might also include agricultural commodities? Personally, I should be glad to have it include the words "strategic materials."

Mr. TAFT. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I shall be glad to yield in a moment. First, let me say that the particular language I have proposed does not pertain at all to the point mentioned by the Senator from Nebraska. That point is covered by the original George amendment which has already been accepted by unanimous consent.

I yield now to the Senator from Ohio.

Mr. TAFT. Mr. President, I merely wanted to explain to the Senator from Nebraska that the language does cover strategic and critical materials necessary to the manufacture of equipment and munitions of war for the United States Government. It is true that strategic and critical materials would be defined by the President, as they have been de-

fined in connection with the roll-back, to include foodstuffs; but only cases in which the foodstuffs were necessary for the manufacture of equipment and munitions of war would be covered. So, although some timber products or some other agricultural products might be covered by that language, it would not apply to any general subsidy of agricultural products.

Mr. BUTLER. However, the byproducts of the corn-milling industry—starch, for instance—are really essential to the manufacture of certain mechanical implements of war.

Mr. TAFT. If I may say a further word, the reason for permitting the extension is that if the material is to be used entirely by the United States Government it is clearly obvious that the Government would recover by means of the lower price of the goods any subsidy it might pay. So there would be no loss to the Government.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Colorado?

Mr. BANKHEAD. I make no objection.

The PRESIDING OFFICER. The Chair hears none; and, without objection, the language proposed by the Senator from Colorado is incorporated in the amendment of the Senator from Missouri, as modified.

Mr. JOHNSON of Colorado. Mr. President, before I take my seat, I send to the desk a letter and an enclosure received today by me from the Honorable Jesse Jones, and ask that they be read.

The PRESIDING OFFICER. Without objection, the letter and enclosure will be read.

The legislative clerk read as follows:

THE SECRETARY OF COMMERCE,
Washington, June 25, 1943.

Hon. EDWIN C. JOHNSON,
United States Senate,
Washington, D. C.

DEAR SENATOR JOHNSON: I enclose copy of a statement I made before the subcommittee on food of the Senate Committee on Agriculture and Forestry, Tuesday, May 25.

Under authority of section 2 (e) of the Price Control Act, and by direction of the then Director of Economic Stabilization, Justice James F. Byrnes, and with the approval of the President, definite commitments to the extent of \$450,000,000 have been made for the payment of subsidies on meat, butter, and coffee.

Entirely aside from differences of opinion as to the advisability or the effectiveness of such subsidies, I feel that these commitments, already made under authority of section 2 (e) of the Price Control Act, should be carried out.

Further, by using the amount of money provided under the Bankhead-Taft amendment and within the limitations of that amendment, we can determine the value of subsidy payments to insure maximum production of certain essential foods without either reducing the price to the producer or permitting price increases to the consumer.

Sincerely yours,

JESSE H. JONES,
Secretary of Commerce.

The President on May 2 stated that Government will continue to take all necessary measures to eliminate all unjustified and avoidable price increases. He further stated that measures will be taken to roll back the price of meats.

In carrying out this policy, the Price Administrator announced that he would reduce not only the price of meats, but the price of butter and coffee approximately 10 percent to the consumer.

The only way to accomplish this without forcing a reduction in prices to the hog, cattle, and sheep raisers, and the dairy industry, was through subsidy payments to the processors.

The Reconstruction Finance Corporation has authority under section 2 (e) of the Price Control Act to buy and sell or to subsidize those materials that are designated by the President as critical and strategic. The materials that are to be subsidized under the immediate program have been so designated.

The Price Administrator has requested the subsidy payments. The Director of the Office of Economic Stabilization has issued a directive to the Reconstruction Finance Corporation to make the payments, and the President has approved the directive to the extent of \$450,000,000.

Subsidies in one form or another have been a matter of administration policy since 1940, first in the Defense program and later in the war effort.

Due to submarine warfare we are paying excess transportation charges and, in some instances, excess cost on petroleum products.

We are paying excess transportation costs on coal to New York and New England.

We paid transportation costs in distributing sugar throughout the country up to December 16, 1942. This included sugar from Cuba and moving beet sugar from the West to the New England area. Since then, Commodity Credit Corporation has handled sugar.

We pay abnormal transportation costs and losses on the purchase of nitrates and fibers from Latin America, and on various metals, minerals, and rubber from Latin America and elsewhere abroad.

In addition to the foregoing, we are paying premiums on excess domestic production of copper, lead, and zinc.

We are causing the production of various and sundry metals in this country through buying them at a high price and selling them at ceiling prices.

In addition to copper, lead, and zinc, these include: arsenic, beryllium, cadmium, chrome, cobalt, fluorspar, graphite, iron ore, kyanite, magnesium, manganese, mercury, mica, molybdenum, rutile, spodumene, talc, tantalum, tin, tungsten, and vanadium.

These materials come from one or more of the following States: Pennsylvania, Utah, Texas, Arkansas, Alaska, California, Idaho, North Carolina, Oregon, Washington, Montana, Vermont, Michigan, Arizona, Missouri, Alabama, New Jersey, Colorado, Georgia, Nevada, New Mexico, Oklahoma, South Dakota, Tennessee, Virginia, West Virginia, Wyoming, and New York.

We are buying and selling scrap metals and scrap rubber at substantial losses, as well as used tires.

We are buying binder twine in Mexico and selling it at a loss.

We are paying excess costs of production to a few wood-pulp producers in New England to keep them from closing down.

All of these things are being done with the approval of the President, and at the request of war policy agencies, such as State Department, War Production Board and its predecessors, War Department, Navy Department, Petroleum Administrator for War, Rubber Director, Board of Economic Warfare, Office of Price Administration, and now the Director of Economic Stabilization.

A meeting was held Saturday, May 22, 1943, attended by the Director of Economic Stabilization, representatives of Office of Price Administration and Commodity Credit Cor-

poration, Food Administrator Chester Davis, and Reconstruction Finance Corporation officials, at which it was determined to consult with representatives of the industries involved, to determine the most practical methods of carrying out the subsidy order on meat, butter, and coffee.

Those meetings are scheduled for Thursday and Friday of this week.

Mr. CLARK of Missouri. Mr. President, I received one of the circular letters from Secretary Jones. It was addressed to me at the Senate Office Building, but it was not sent to me at the Senate Office Building. It was not even folded. It was placed on my desk as a circular letter while I was temporarily absent from the Chamber. I happen to know that other Senators have received such letters. The Senator from Vermont [Mr. AIKEN] received one. The Senator from Colorado [Mr. JOHNSON] has just disclosed that he received one.

Mr. President, I say that that is an exhibition of indecent lobbying by the Secretary of Commerce in behalf of an illegal practice in which he has indulged, in plain contravention of the law, and which he now desires to have legalized by the so-called Taft-Bankhead amendment. I say that the Secretary of Commerce sat out in the lobby yesterday afternoon, conferring with Senators as they passed by, to try to raise some doubt in the mind of someone—any doubt in the mind of anyone—as to the wisdom of the course which the Senate was about to pursue in outlawing these subsidy practices.

Mr. President, I say that I think this is an indecent practice. I think it is a practice forbidden by law. In all truth and candor, I think it is a practice for which Secretary Jones could be fairly impeached by the House of Representatives; and if he were impeached I would vote to convict him, in view of the plain facts about his trying to proselyte Members of the Senate in behalf of a certain amendment now pending before this body.

Mr. Jones' statement that there have been definite commitments by the Government to the extent of \$450,000,000 is not true. I say further that Secretary Jones knew that it was not true when he wrote this circular letter. The only commitment whatever which has been made has been in the form of a newspaper release by Mr. Jones and by Mr. Prentiss Brown, stating that they intended to do a certain thing about subsidies. They do not now seriously contend that they had any legal authority to commit the Government. In the debate in this Chamber I think it has been generally acknowledged that they had no such authority.

This letter has been placed on the desks of certain Senators, I do not know how many. I know of three Senators on whose desks it has been placed. What Mr. Jones is now trying to do is to convey the impression to Senators that under some sort of authority of law he has made commitments which would be sensibly diminished in amount by the so-called Taft-Bankhead amendment. That is not true. Mr. Jones has simply taken the figures of the coffee, meat, and

butter industries, and on the basis of a newspaper release which he had no right to give out in the first place, and which he knew was a violation of law when he did it, is trying to make it appear, in order to defeat a limitation on his own authority, that he has already committed the Government, in violation of the law, to the extent of \$450,000,000.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. CONNALLY. The Senator from Missouri makes some pretty vigorous charges against Mr. Jones.

Mr. CLARK of Missouri. Yes; I make some very vigorous charges against him. I intended to make vigorous charges against him. I say that this is an indecent attempt at lobbying on a question now before the Senate; and Mr. Jones knew it when he did it.

Mr. CONNALLY. When I asked the question, I did not intend to call for reinforcement or strengthening of what the Senator had already said.

Mr. CLARK of Missouri. The longer the Senator continues, the stronger my statements will probably become.

Mr. CONNALLY. The Senator says that Mr. Jones had no authority to do it. I do not know, but my understanding has been that he did it as the result of a directive from higher authority. I do not know what a "directive" is.

Mr. CLARK of Missouri. I do not understand that Jesse ever claimed that he had the legal authority to do it. I understand that what Jesse said was that he did it because Jimmie Byrnes told him to do it; but in the circular letter which was placed on my desk while I was temporarily absent from the Chamber, Jesse claims that by direction of Jimmie Byrnes, and with the approval of the President, he has made definite commitments to the extent of \$450,000,000. Where did Jesse get the authority, either by the direction of Jimmy Byrnes, or with the approval of the President, to make any such commitment of \$450,000,000? I say that this is an indecent piece of lobbying, and that Jesse Jones is able enough, and a fine enough man, so that he ought to be ashamed of himself for what he has been doing.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. AIKEN. If it was the purpose of Mr. Jones—

Mr. CLARK of Missouri. The Senator received one of these letters, did he not?

Mr. AIKEN. I received one. It was not folded when I received it.

Mr. CLARK of Missouri. Mine is not folded yet.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. CONNALLY. What is the sanctity about folding a letter? Is the basis of the grave charge against Mr. Jones that he did not fold the letter?

Mr. CLARK of Missouri. Mr. President, if I still have the floor, I shall be glad to answer the Senator.

Mr. CONNALLY. Mr. President—

Mr. CLARK of Missouri. I am glad to yield to the Senator from Texas.

Mr. CONNALLY. As I understand, the letter was signed, but it was not folded. Of course, if that is the basis of the grave charge against Mr. Jones, I will have to take my seat, because I understand it was not folded.

Mr. CLARK of Missouri. Mr. President, if I did not know my distinguished friend from Texas so well, and if I were not so certain that he is fully cognizant of all the proprieties in the matter, I might take the trouble to explain; but the Senator from Texas knows very well indeed that when a letter is addressed to a Senator at the Senate Office Building, and some one sneaks into the Senate Chamber during his absence and places it and similar letters on the desk of various Senators, that is intended as a lobbying, propagandizing proposition, and not as a bona fide letter addressed to individual Senators. I am certain that the Senator from Texas will agree with that very simple statement.

Mr. CONNALLY. The Senator from Texas is not allergic to information, from whatever source he may receive it.

Mr. CLARK of Missouri. The Senator certainly ought to be allergic to misinformation, such as is contained in this letter, in the form of deliberate misstatements of facts. Mr. Jones must know that they are deliberate misstatements of fact.

Mr. AIKEN. Mr. President—

Mr. CLARK of Missouri. I yield to the Senator from Vermont.

Mr. AIKEN. If it was the intention of Mr. Jones to raise a doubt in the mind of any Member of the Senate, he has succeeded in my case. He has raised a question as to whether the letter which has been sent to some of us may not be intended as a loophole or escape for the Reconstruction Finance Corporation in the event of the adoption of the Clark amendment. The language of the proviso in the Clark amendment is as follows:

Provided, That nothing in this act shall be construed to affect in any manner the rights or interests of any person who has acted in good faith in reliance upon any regulation or order issued prior to the date of enactment of this act with respect to such subsidy payments under the authority of such section 2 (e), and to the extent necessary to protect the rights or interests of any such person in connection with transactions heretofore made or entered into such subsidy payments may be made.

It seems to me, Mr. President, that the Director of the Reconstruction Finance Corporation may be trying to convey to us the impression that the \$400,000,000 has been promised by agreement with American farmers, so that he will not be affected by that part of the Senator's amendment.

Mr. CLARK of Missouri. Mr. President, I understand the feeling of the Senator from Vermont with respect to the effort of Director Jones—and I speak of him now as Director Jones, of the R. F. C., rather than as Secretary of Commerce—to prejudice the situation in the Senate by a false allegation as to his commitments.

If I had received this letter from Mr. Jones before I offered my amendment, or while I still had control of it, I would have omitted the proviso. In other words, I would not give Jesse Jones any claim of authority to continue to violate the law, as he is admittedly violating the law now. I invite the attention of the Senator to the fact that the proviso reads:

That nothing in this act shall be construed to affect in any manner the rights or interests of any person who has acted in good faith—

When?—

in reliance upon any regulation or order issued prior to the date of enactment of this act with respect to such subsidy payments.

Mr. President, it is not contended on the part of "noble Jesse" or even "dear Prentiss" that they issued any order or regulation.

Mr. AIKEN. The butter regulation was issued.

Mr. CLARK of Missouri. What they issued was a newspaper release.

Mr. AIKEN. No; there was a regulation issued and signed on the 7th of June 1943, by the Defense Supplies Corporation, by George A. Hill, Jr., executive vice president.

Mr. CLARK of Missouri. I was not advised of that, I will say frankly.

Mr. AIKEN. I indicated a while ago that I would probably support the Clark amendment. However, if the Clark amendment would in any way freeze the roll-back and subsidy program, I would not feel that I could vote for it.

Mr. CLARK of Missouri. I will say to the Senator that if I believed that this amendment authorized the roll-back subsidy proposal, I myself would not vote for the amendment. I am frank to say that, in view of Mr. Jones' letter, if I still had control of my amendment, I would strike out the proviso. Since the yeas and nays have been ordered upon my amendment, I would not be at liberty to accept an amendment to it, but if I were at liberty to do so I would vote for an amendment to strike out the proviso.

Mr. AIKEN. I have in my hand the regulation issued with regard to the roll-back in the price of butter. It is dated the 7th of June 1943. I have no doubt that similar regulations have been issued with relation to livestock and its products, and dated prior to the 15th of June. I imagine such regulations have been issued, although they have not yet come to the notice of the public or of the growers. Therefore, I certainly do not want to have any avenue of escape to freeze in bad subsidies any more than I should want to freeze out good subsidies.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. WHEELER. As I understand the Senator, the meaning of the proviso is simply that payments may be made to anyone who has already suffered—

Mr. CLARK of Missouri. Who has dealt in good faith; in other words, who has changed his position in reliance upon representations made to him by the Government. In the letter to which reference has been made, Mr. Jones has

merely taken the gross figures as to those industries, and has tried to use them as a form of propaganda in favor of the so-called Taft-Bankhead amendment. As I have said, I consider it to be an entirely indecent form of lobbying.

Mr. WHEELER. As I understand the amendment of the Senator from Missouri, it would not authorize payments in the future to anyone for roll-backs, but if roll-backs were authorized prior to the time the measure is passed, then the payments might be made.

Mr. CLARK of Missouri. The Senator is entirely correct. The only purpose of the proviso in my amendment is to prevent any suggestion being made that we were changing the legal position of anyone who had dealt in good faith with the Government. That is all we are trying to do.

Mr. WHEELER. The only thing that bothered me was that in view of the statement of Mr. Jesse Jones it seemed to me he might try to contend that because of a rule or regulation the officials had a right to continue the roll-back. But that is not the intention or purpose behind the Senator's amendment?

Mr. CLARK of Missouri. I agree with the Senator that in view of Mr. Jones' letter he would probably try to contend anything. However, it certainly is not the purpose of my amendment to legalize anything which was hitherto illegal, but merely to save the legal rights of anyone who in good faith had been dealing with the Government.

Mr. WHEELER. And put a stop to the roll-back.

Mr. CLARK of Missouri. And put a stop to illegal practices.

Mr. WHEELER. And to the roll-back. I agree with the Senator that under section 2 (e) no right exists to pay any processor a roll-back. In their wildest imagination I do not know how any officials could construe that section to mean what they have contended it does mean.

Mr. CLARK of Missouri. I agree entirely.

Mr. WHEELER. I do not believe that any lawyer who had given it careful study and consideration would say that the act could be used as an authorization to give a roll-back and a subsidy to the packers of the country, or to any other processor.

Mr. CLARK of Missouri. I agree entirely.

Mr. HILL. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. HILL. Mr. President, the distinguished Senator from Missouri of course has a right to his own opinion with reference to the action of Mr. Jesse Jones, but I wish to take strong exception to his use of the term "indecent lobbying." I sharply disagree with the opinion of the Senator from Missouri. I not only believe that Mr. Jones, as head of the R. F. C., was well within his rights in communicating with any Senator or Senators, but I think that if he had information which he thought the Members of the Senate should have which would perhaps throw light on the subject now before the Senate, and had not

sent the information to the Senate, he would have failed in his obligations and would have been derelict in his duty.

If there is any man at the other end of the avenue who has tried at all times to cooperate with and be sympathetic toward Congress and to understand the problems facing Congress, as well as the problems facing the individual Members of Congress, and who has always tried to work with Congress, it is Jesse Jones. He frequently comes to the Senate. He comes to the Capitol, and appears before committees of Congress more than any other Cabinet member. I really believe that he comes here more than do all the other Cabinet members combined. Why? Because of his desire at all times to work with Congress, and to furnish it with any information which he may have which may be helpful to Congress, and in order that he may at all times know the will and the intent of Congress, and try insofar as he can to carry out the will and the intent of Congress.

Mr. MURDOCK. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. MURDOCK. I agree with everything which the Senator has said with reference to the Secretary of Commerce. Certainly, in my opinion, any Cabinet member, as the Senator has stated, who has information pertaining to a legislative question pending here, should furnish it to the Senate. The only criticism I have—and I am not sure that I am justified in it without checking with my office—is that I did not receive such a letter. I have talked to two or three other Senators who have said they did not receive such a letter.

Mr. WAGNER. I did not either.

Mr. HILL. I will say to the Senator that I, myself, did not receive one. Perhaps it would have been better if Mr. Jones had sent one to all Senators. But be that as it may, he certainly should not be criticized because he sent to some Senator information which he thought the Senate should have. On the other hand, I think he should be commended for sending the letter which he sent.

Mr. MURDOCK. If a Cabinet officer has any information to which the Senate is entitled, then certainly every Senator is entitled to the same information. If a Cabinet officer is furnishing information, I think it should have general distribution throughout the entire membership of the Senate, and not be furnished merely to two or three or a half a dozen Members of the Senate.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. JOHNSON of Colorado. Mr. President, I put in the RECORD the letter to which reference has been made. I had the clerk read the letter, and I will state how I happened to receive it. Yesterday I called up Mr. Jesse Jones, former Senator Charles Henderson, and Mr. Goodloe, and asked them some questions with reference to the Clark amendment. I asked them to make a study of it and determine to what extent, if any, it would affect the payment of subsidies for strategic minerals. At my request they made a study of the amendment,

and also at my request they assisted me in working out something which I hoped would be satisfactory to, and a protection of, the mining industry in the West. So the letter which was read by the clerk at my request came to me pursuant to the request which I have explained.

Mr. HILL. The Senator certainly took no exception to the manner in which the letter came.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield at that point?

Mr. HILL. I yield.

Mr. JOHNSON of Colorado. The Senator from Missouri [Mr. CLARK] said he did not request a letter, and I presume the reason he got a letter was because Mr. Jesse Jones wrote to me at my request and thought that as a matter of courtesy he should send a letter to some of the other Senators who were concerned with this particular amendment.

Mr. CLARK of Missouri. Oh, well, Mr. President, if the Senator from Alabama will yield; I do not wish to interrupt his thought—

Mr. HILL. I yield.

Mr. CLARK of Missouri. Everybody saw Jesse Jones sitting there on the couch yesterday afternoon, all afternoon, actively buttonholing Senators as they came along and raising various kinds of objections to the policy proposed in the Senate at that time of repudiating the roll-back. There is no secret about that. Jesse is a large man; anybody can see him with the naked eye; it is not necessary to put on glasses to recognize him as you pass by. So, as I saw him out there buttonholing Senators, whispering in their ears, I knew exactly what Jesse was doing. I have seen Jesse operating frequently upon his side of various controversial propositions; but I saw him yesterday when he came here, and I know what he was doing when he sent this letter.

Mr. HILL. I am delighted at one thing, and that is that the Senator from Missouri says that Mr. Jesse Jones is a large man. I think Mr. Jones is a large man in many ways, and I hope that is what the Senator had in mind when he used the adjective "large." Mr. Jones was here yesterday and had lunch in Colonel Halsey's office. There was a luncheon there to which Mr. Jones and other gentlemen were invited. Most of those who were there had nothing whatever to do with this bill, so far as I know; had no interest in the bill and certainly there was nothing said about the bill.

Mr. Jones, as I have said, often comes to the Senate, no doubt to talk to Members of the Senate, as he has a right to do. He had a right to come here; he has a right to come on the floor of the Senate if he wants to do so; he has a right to go to the offices of Members of the Senate and talk to them there. Instead of condemning Jesse Jones for talking to Members, and for giving them what information he may have, and giving them his viewpoint, I want to say that I wish there were more men in the Government with the spirit and with the purpose of Jesse Jones who would come to the Congress more often and make themselves, their views, and their information available to the Congress, and that they would sit

down and counsel and consult with Members of Congress, as Jesse Jones has done ever since he has been in the Government.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield there?

Mr. HILL. I yield.

Mr. JOHNSON of Colorado. I want to say that I am supporting the Clark amendment, that Mr. Jesse Jones knows that I am, and that he furnished me the information that I asked him to furnish, knowing that I was supporting the Clark amendment and knowing that he could not influence me in any way about it. He tried to give me some information, but I am still supporting the Clark amendment. I was interested in seeing the Clark amendment fully protect the mining industry.

Mr. McFARLAND. Mr. President, will the Senator yield?

Mr. HILL. I yield.

Mr. McFARLAND. I wish to say to the Senator that I agree with what he has had to say in regard to Jesse Jones, even though I did not receive one of the letters and did not get in on the lunch.

Mr. HILL. I appreciate the Senator joining in.

Mr. President, in these times we hear much said about bureaus and bureaucrats, and the basis of the complaint against them is largely that the bureaucrats, the heads of departments and agencies at the other end of the Avenue, do not show proper consideration to Congress; that they do not advise and consult with the Congress; that they have too great a disposition to put their own constructions on legislation enacted by the Congress rather than the constructions and interpretations of the Congress itself.

I wish to repeat what I said in the beginning, that I sharply disagree with and I challenge the statement of the Senator from Missouri about Jesse Jones' "indecent lobbying." I think he ought to be commended for his attitude toward Congress, for his cooperation, and for the way at all times he seeks to give Congress full information, to carry out the will and intent of the Congress, and to work in full accord and in mutual helpfulness with the Congress.

Mr. O'DANIEL. Mr. President, I think perhaps the letter which Mr. Jesse Jones has sent to Senators is very timely because, as it seems to me, it has caused discussion and debate which may throw some light on the true meaning of the provision in the amendment offered by the Senator from Missouri about which I spoke earlier today. That provision, which is on page 2, reads as follows:

Provided, That nothing in this act shall be construed to affect in any manner the rights or interests of any person who has acted in good faith in reliance upon any regulation or order issued prior to the date of enactment of this act with respect to such subsidy payments under the authority of such section 2 (e), and to the extent necessary to protect the rights or interests of any such person in connection with transactions heretofore made or entered into such subsidy payments may be made.

The author of the amendment, the Senator from Missouri, has explained that that provision is intended to pro-

tect the individuals and corporations who have acted in good faith and are entitled to some subsidy payments under the directives or orders issued by the executive department. There is a question in the minds of some Senators as to whether or not the present law permits subsidy payments to be made, but it appears to me—and I think the author of the amendment recognizes the fact—that this provision will legalize or authorize the payment of roll-back subsidies whether they are legal under existing law or not, provided those who claim subsidy payments acted in good faith.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. O'DANIEL. I am glad to yield to the Senator from Missouri.

Mr. CLARK of Missouri. I think the Senator has erroneously stated the effect of the proviso in the amendment. The proviso does not authorize any payments for anything. It simply provides that nothing in the act shall be construed to affect in any way any claim anyone might have. In other words, the amendment does not give anybody a right of action against the Government; it does not assure anybody of any authority to collect against the Government; it merely does not take away any right anyone might be able to assert in court.

Mr. O'DANIEL. I thank the Senator for that contribution, but, at the same time, there are some people who believe that the promises of subsidy payments which have been made to meat packers and creameries were not authorized by law. Therefore, I think it is well that we understand whether or not this provision does legalize such promises or authorize such payments.

The statement was made by the junior Senator from Nebraska that some of the meat packers, at least, had notified him that they do not consider that any promises or authorizations have been made.

Mr. Jones now comes along with his letter, and clarifies the atmosphere by admitting and stating that the commitments have been made for this roll-back subsidy to the extent of \$450,000,000. If the Secretary of Commerce makes an admission that those commitments have been made, I do not believe we will have much difficulty in finding firms, corporations, and individuals engaged in business who will readily admit that they are entitled to those subsidies, and that under the provisions of the law they have entered into contracts with Mr. Jones, or the O. P. A., or the R. F. C., or some other Federal agency, which entitle them to the payment of these subsidies. Therefore there is reason for some folks to believe that even if the present laws do not authorize such subsidies this provision might validate commitments Mr. Jones says have already been made.

I merely wanted to point this out because we are getting ready to vote on this very important question, and some of the Members of the Senate do not want to go on record as approving subsidies in the form of roll-backs to the processors to reduce the retail prices of butter, meat, and coffee. But in voting for the Clark amendment, as modified, they may be voting for that kind of subsidies to the

extent commitments have already been made, but not to the extent of commitments which may be made hereafter.

Mr. President, it appears to me that we are discussing a subject which is very strange indeed. The whole matter of subsidies on these roll-backs is very strange.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. HILL. I am glad to yield.

Mr. WHEELER. I do not think there can be any question about the intention of the author of the amendment, since his explanation. I doubt that we should question it, because then it may be said that there is a question in the minds of some Senators. I think we should take the position that, in adopting this proviso, Congress is not affording any justification, under the language adopted, for those interested so as to construe it as meaning that they can continue these roll-backs, and the payment of subsidies on food products for that purpose. I think we should take that stand, and there should be no question about the question of the subsidy.

Mr. O'DANIEL. I think the Senator's statement is absolutely correct, that the Clark amendment would prohibit the continuation of any commitments for subsidies on this rollback. But is it the opinion of the Senator from Montana that the provision which I have just read will permit the payment of subsidies on rollbacks which may be claimed or may have already been made, or as to which there have been commitments, according to the letter of Mr. Jones?

Mr. WHEELER. I think that where the administration has already made a rollback, and people have suffered as a result of it, to the extent one has suffered as a result of the rollback and has taken a loss, in good conscience we should pay the subsidy to such person for this interim period, but to that extent only.

Mr. O'DANIEL. The Senator would presume that this provision would authorize the payment of those subsidies which have been promised in good faith on the rollback program, to the extent of \$450,000,000?

Mr. WHEELER. Not at all.

Mr. O'DANIEL. As specified by Mr. Jones, providing good faith contracts can be produced?

Mr. WHEELER. No, because that much money has not been paid. Mr. Jones simply states in the letter, as I understand, that he has made commitments to pay that amount in the future, that he has not paid it, but that he has made commitments to pay it in the future, providing the rollback takes effect. That is my understanding of the letter.

Mr. O'DANIEL. The Senator would presume this would authorize the payment of everything for which he has made commitments?

Mr. WHEELER. Not at all. The amendment would only permit the payment of a subsidy where the rollback had already been made, and only up to the date when the bill shall be enacted.

Mr. AIKEN. Mr. President, as I understand, the Clark amendment provides that the subsidy shall be paid for the period of time for which the agreement has been made.

Mr. WHEELER. I do not so understand.

Mr. AIKEN. The amendment which the Senator from Iowa [Mr. GILLETTE] and I offered requires that the roll-backs must cease whenever the bill is passed.

Mr. WHEELER. I do not so understand the situation, and I asked a specific question along that line of the author of the amendment just a few moments ago, and he said his intention was as I have stated it, that that is all he intends.

When the farm bill was before us, and some Senators questioned it, because of its uncertainty, it was felt that their opinion was probably correct, and the suggestions made by the opponents of the bill were followed, because of the controversy on the floor of the Senate.

Mr. AIKEN. I think the language is quite plain, that any commitments which have been signed prior to the date of the enactment of the pending measure must be carried out, regardless of how long they are to run.

Mr. WHEELER. I do not so read the language.

Mr. O'DANIEL. The latter part of the provision, beginning in line 8, page 2, reads as follows:

And to the extent necessary to protect the rights or interest of any such person in connection with transactions heretofore made.

Mr. WHEELER. Very well, "heretofore made".

Mr. O'DANIEL. It continues "or entered into such subsidy payments may be made."

The Secretary of Commerce claims the commitments heretofore made amount to \$450,000,000.

Mr. WHEELER. He has made commitments to that amount.

Mr. O'DANIEL. It is a transaction, in my opinion, if he has made a commitment.

Mr. WHEELER. He has made a commitment to pay them in the event the roll-backs are put into effect. If we stop the roll-backs, certainly he cannot go on paying the money.

Mr. AIKEN. The question in my mind is whether this language in the Clark amendment does not authorize the roll-back, if it has already been committed for.

Mr. WHEELER. If there is to be question about it, we should eliminate it entirely. What I was trying to do was to get the Members of the Senate, instead of quibbling over it, to say that in our opinion this means only that they could pay money where a person had actually made a roll-back, and only from the time he made the roll-back order, or commitment, up to the time of the passage of the bill. If that were the sentiment of the Senate, that would have to be followed, and the courts would follow the views and opinions of the Senate. But if there is disagreement as to the meaning among Senators, expressed on the floor, it is left open so that anyone can say,

"Well, there was a disagreement as to the meaning of it, and we will adopt this meaning, because there was this disagreement."

Mr. O'DANIEL. There seems to be much disagreement as to the exact meaning of the proposed Clark amendment. My understanding, after listening to all the arguments, is that if this provision authorizes and legalizes the payment of subsidies on the roll-back program to any extent whatever, it would authorize those payments to the extent of the commitments which Mr. Jones claims have already been made, that is, \$450,000,000. I may be wrong, but that is my understanding of the authorization provided in the provision on page 2, beginning in line 2. Possibly Mr. Jones sent the letter in order to make it definite that there are outstanding commitments to that amount, and that this authorizes payments to the extent of \$450,000,000.

Mr. TAFT. Mr. President, I do not think the Senator's fear is justified, because it seems to me the amendment affects only the rights and interest of a person who has acted in good faith and in reliance upon the regulations. No one can be so acting in good faith and in reliance, except as to the things he has done before the passage of the bill. I do not see how it could extend beyond a month's obligations. I do not think the Senator's fear is justified that it would authorize the payment of the whole \$450,000,000.

Mr. O'DANIEL. There is no doubt in my mind that the commitment made by Jesse Jones was made in good faith, and that he considers it to be a just and honest commitment.

Mr. TAFT. But no person has been able to act in any way upon it so as to give him any claim to a whole year's subsidy. He may be entitled to a subsidy for the moment, for a few weeks or so.

Mr. O'DANIEL. I should say that if any firms or individuals are honestly able to make the statement that in good faith they had carried out transactions based on commitments made by Mr. Jones, and they are able to show combined losses to the extent of \$450,000,000, this provision would authorize the payment of \$450,000,000 to them, because good faith would be shown on the part of both parties to the contract.

Mr. SMITH. Mr. President, will the Senator yield?

Mr. O'DANIEL. I yield.

Mr. SMITH. I believe the suggestion made by the Senator from Ohio would furnish the solution to the question the Senator from Texas is discussing, that with respect to commitments entered into in good faith claims may be presented to the Claims Committee, which could investigate the claims and report on them. Let us cut out any such provision from the measure now.

Mr. O'DANIEL. Mr. President, I think the statement made by the Senator from South Carolina is a correct one. If any commitments have been made in good faith, even though the provision for roll-back subsidy may be eliminated from the proposed amendment, such cases can be carried to the courts of the land, and

proper adjudication on the cases had in the courts, and the claims satisfied there.

Mr. President, I wish to say something else with respect to the whole subject of roll-backs and subsidies. It seems to be a strange subject that we are discussing here in the Senate of the United States. To me it seems strange that there should be a meat shortage all over the country, when we have so large a surplus of cattle in the United States at the present time. I thought it might be well to call the Senate's attention to statements made by two men who perhaps are as familiar with the cattle and meat situation as any two other individuals in the United States. One of them is Mr. Joe G. Montague, who is the legislative counsel for the Texas and Southwestern Cattle Raisers' Association. That association has a large membership. Its members are entirely familiar with the cattle situation in the United States. The other gentleman to whom I shall refer is Mr. Bob Kleberg, one of the owners of the King Ranch, the largest cattle ranch in the United States, I presume. The statements made by these two gentlemen are quoted in the New York Herald-Tribune of June 23. I wish to take time to read the article, because I think it is very enlightening. It is as follows:

TEXANS REPORT HERDS OF BEEF TIED TO RANGES BY OFFICE OF PRICE ADMINISTRATION CURBS.

There is more than enough beef roaming the prairies to meet the Nation's requirements, but Government restrictions have kept producers and processors from getting it "off the hoof and onto the hook," two leading Texas representatives of the cattle industry said here yesterday.

If the Government would lift restrictions on quotas and abandon the subsidy plan, the industry could be restored to normal, in the opinion of Joe G. Montague, of Fort Worth, counsel for the Texas and Southwestern Cattle Raisers' Association, and Robert J. Kleberg, Jr., president and manager of the world-famous King Ranch, at Kingsville, Tex., and a director of the association. They discussed the problem in an interview at the Hotel Ambassador, Park Avenue and Fifty-first Street.

"From Government estimates," Mr. Montague said: "we know we will have, by January 1, 1944, a surplus of 15,400,000 head of cattle. This represents a surplus in poundage of 7,700,000,000 pounds. If we slaughtered one-half, or 3,850,000,000 of the surplus, we would produce out of this one-half of the surplus enough to feed 74,000,000 people in addition to supplying our armed forces and our civilian population with their normal supply of beef, and these additional people would be supplied as bountifully as are our own fighters and civilians."

"Thus we can, without hurting ourselves, actually supply normal quantities of beef for over 200,000,000 people—Americans, plus 74,000,000. In fact, the use of this surplus would be a genuine service since it would relieve our ranges and our feed lots of a severe strain on their resources."

Mr. Montague said that all elements of the packing industry at a joint meeting in Chicago on April 2 and 3 formulated a plan to solve the wartime meat problems.

"The plan is simple," he continued. "It calls for recognition of the fundamental law of supply and demand. The supply is known, or at least easily determinable, by observation of the slaughter records. The demand has three factors—the armed forces' needs, the civilian needs, and the lend-lease require-

ments. All other factors must yield to the proper necessity to meet the reasonable requirements of the armed forces.

"The civilian needs are controlled by rationing, with the point value being fixed but not invariable. The lend-lease demands would be very flexible, being coordinated with the actual slaughtering. Any surplus slaughtering, that is, any surplus above requirements for the armed forces and lend-lease, would be absorbed by adjustment of civilian ration points."

This plan, said Mr. Montague, was endorsed by Prentiss Brown, Director of the Office of Price Administration; Chester Davis, Director of the War Food Administration; and Maj. Gen. E. B. Gregory, Quartermaster General of the United States, and it was announced that the plan would be put into effect.

"Following the endorsement of the plan by these officials," Mr. Montague said, "the Government has attempted to put it into operation. The Meat Board has been set up, operating in Chicago, with all essential details of the plan adopted, but, unfortunately and in spite of opposition from the entire industry and from the Office of Food Administration, the roll-back and subsidy plan has been hung on the neck of the plan and it is seriously feared that such an impediment may cause the failure of the entire plan. Certainly it can and will do no good, and only added confusion will result."

Mr. Montague and Mr. Kleberg agreed that the saving to the consumer under the subsidy program would be "microscopic" and added that the program would add increased millions of dollars in taxes on the consumers.

PUTS BLAME ON THE OFFICE OF PRICE ADMINISTRATION

"The anomalous situation of a large surplus of cattle for the consuming public did not exist before the efforts of the Office of Price Administration to control the industry," Mr. Montague asserted.

He added that the cattle industry is a sensitive one and that its confidence in the Government's efforts has been shaken.

"Production has certainly more than met expectations," he said. "It is in the control of the demand that the horrible mistake has been made. A great many more cattle should be coming to the market than are arriving. The reason for this is that the producers are literally so confused they do not know what to do."

Mr. Montague charged that "not one" representative of the cattle industry has been called in by the Government for consultation in outlining the meat program.

Mr. Kleberg said that everything the Government has done to regulate meat production has been restrictive.

"It has done nothing to aid production or distribution," he said. He added that prior to interference by the Office of Price Administration, there had been no beef problem in this country.

"If America is to have muscle and brawn," said Mr. Kleberg, "it must have beef." Lack of beef, he believes, is bad for the Nation's morale.

Looking to the future, Mr. Kleberg commented that if the currently overstocked cattle ranges should suffer a drought, or a post-war depression, the Nation's cattlemen will be ruined, with a consequent economic blow to the entire Nation.

Mr. Montague has compiled figures for his association showing that the Nation's livestock has increased from 59,000,000 head in 1929 to an estimated 82,500,000 head by January 1944. In 1934, when the cattle population had reached 74,000,000 head, he pointed out, the Government stepped in and through purchase and subsidy had 8,000,000 head killed.

To prevent a similar necessity, said Mr. Montague, the present excess numbers

should be reduced during the next few years, so that at the end of the war emergency the ranges and farms will not be overstocked.

Mr. Kleberg commented that the meat shortage among consumers is as severe in the center of the great Southwest producing centers as it is in the East.

Mr. President, it appears to me that it would be wise to pay some attention to the statements of men who know something about the cattle business and the meat business. I have just read to the Senate some statements made by two such men. Now we are faced with the situation of having the meat markets short of meat. People are unable to buy the meat they need; yet we have a large surplus of live cattle. In addition, we are short of protein feeds and feeds of all kinds. Yet, by rulings of the O. P. A. in setting up market quotas so that the cattle cannot be sold when they are ready for the market, those cattle are forced to be kept in the feed lots or on the range eating up feed needed for other purposes, and adding nothing to the weight or value of the cattle, because they were already finished when they were originally ready to go to the market. So we have, on the one hand, a beef shortage in this Nation, and on the other hand a surplus of cattle that are eating up the needed feed. According to the gentleman to whom I have referred, the whole situation has been caused by the rulings of the O. P. A.

Last night I was interested in listening to the radio program, March of Time, in which Mr. Montague took part. He restated the figures I have just mentioned, and stated other figures, to show how ridiculous is the situation in which the United States finds itself—our people starving for meat in the midst of an overabundance of cattle. In concluding, he called attention to the fact that on the cattle ranges in Texas and the West there used to be a certain kind of weed which, when eaten by cattle, caused them to become "loco," so that they ran around in circles, did not know what they were doing, and lost control of themselves. We called that weed the loco weed. At present that weed is almost extinct, if not entirely extinct, in Texas, but Mr. Montague expressed the opinion that possibly the weed had been transplanted and was now blooming in great profusion here on the banks of the Potomac. If so, possibly some of our Washington czars and bureaucrats may have eaten some of this loco weed, thus causing such tremendous confusion in the various governmental bureaus and agencies, more particularly in the O. P. A., which is setting up rules causing confusion throughout the entire United States and depriving the people of a sufficient amount of one of their best foods, meat, when there is an enormous surplus of cattle on the ranges in Texas and the West.

Therefore, Mr. President, it seems very strange that this dignified body of intelligent persons, the Senate of the United States, should be discussing and debating roll-back subsidies as a solution to our meat and food problem, when all we would have to do to solve the whole food problem would be to abolish the O. P. A., and perhaps some other Washington

czars and bureaucrats who are doing so much to retard production and completely disorganize distribution.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Megill, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 495) to establish a Women's Army Auxiliary Corps for service in the Army of the United States.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 2536) to amend the act entitled "An act to provide for the promotion of vocational rehabilitation of persons disabled in industry or otherwise and their return to civil employment," approved June 2, 1920, as amended, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. BARDEN, Mr. HART, Mr. LESINSKI, Mr. DONDERO, and Mr. CHENOWETH were appointed managers on the part of the House at the conference.

The message further announced that the House further insisted upon its disagreement to the amendment of the Senate to the amendment of the House to the amendment of the Senate numbered 5 to the bill (H. R. 2714) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1943, and for prior fiscal years, and for other purposes; that the House further insisted upon its disagreement to the amendments of the Senate numbered 60 and 61 to the bill; asked a further conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. CANNON of Missouri, Mr. WOODRUM, Mr. LUDLOW, Mr. SNYDER, Mr. O'NEAL, Mr. RABAUT, Mr. JOHNSON of Oklahoma, Mr. TABER, Mr. WIGGLESWORTH, Mr. LAMBERTSON, and Mr. DITTER were appointed managers on the part of the House at the further conference.

The message also announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 2836. An act to grant increases in compensation to substitute employees in the Postal Service, and for other purposes;

H. R. 2888. An act relating to the application of the excess-profits tax to certain production bonus payments; and

H. R. 3030. An act making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1943, and for prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1944, and for other purposes.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred, as indicated:

H. R. 2836. An act to grant increases in compensation to substitute employees in the Postal Service, and for other purposes; to the Committee on Post Offices and Post Roads.

H. R. 2888. An act relating to the application of the excess-profits tax to certain production bonus payments; to the Committee on Finance.

H. R. 3030. An act making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1943, and for prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1944; and for other purposes; to the Committee on Appropriations.

URGENT DEFICIENCY APPROPRIATIONS

The PRESIDING OFFICER (Mr. JOHNSON of Colorado in the chair) laid before the Senate a message from the House of Representatives further insisting upon its disagreement to the amendment of the Senate to the amendment of the House to the amendment of the Senate numbered 5 and the amendments of the Senate numbered 60 and 61 to the bill (H. R. 2714) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1943, and for prior fiscal years, and for other purposes, and requesting a further conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. McKELLAR. Mr. President, I move that the Senate still further insist on its amendments numbered 5, 60, and 61 to the bill; agree to the further conference requested by the House, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. McKELLAR, Mr. GLASS, Mr. HAYDEN, Mr. TYDINGS, Mr. RUSSELL, Mr. NYE, and Mr. LODGE conferees on the part of the Senate at the further conference.

CONTINUATION OF COMMODITY CREDIT CORPORATION

The Senate resumed the consideration of the bill (S. 1108) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and to provide for an audit by the General Accounting Office of the financial transactions of the Corporation, and for other purposes.

Mr. O'MAHONEY obtained the floor.

Mr. AIKEN. Mr. President, will the Senator yield? I desire to speak for only a minute.

Mr. O'MAHONEY. I yield.

Mr. AIKEN. I wish to read to the Senate a telegram I received yesterday after I had concluded my remarks. It is from several of the leaders of farm organizations, and reads as follows:

WASHINGTON, D. C., June 24, 1943.

Senator GEORGE F. AIKEN,
Washington, D. C.

We have examined the Taft amendment to S. 1108. We do not favor this amendment and respectfully urge its defeat. We have also examined the Gillette-Aiken substitute and respectfully urge its passage.

Edward A. O'Neal, president, American Farm Bureau Federation; Fred Brenckman, Washington representative, National Grange; John Brandt, president, National Cooperative Milk Producers Federation; Charles W. Holman, secretary National Cooperative Milk Producers Federation; Ezra T. Benzon, executive secretary, National Council of Farmer Cooper-

atives; P. O. Wilson, cochairman, Livestock and Meat Council; Byron Wilson, chairman, legislative committee, National Wool Growers Association; Clark Brody, executive secretary, Michigan Farm Bureau; Earl Smith, president, Illinois Agricultural Association; F. E. Mollin, secretary, American National Livestock Association.

Mr. President, I thank the Senator from Wyoming for yielding to me.

Mr. O'MAHONEY. Mr. President, I am about to speak on the question which is before the Senate. I quite agree with what the Senator from Georgia said upon the floor or in private conversation the other day, that this problem is by all odds the most important one before the Senate, before the Congress, and before the country.

Mr. LA FOLLETTE. Mr. President, will the Senator yield in order that I may suggest the absence of a quorum?

Mr. O'MAHONEY. I am happy to yield for that purpose.

Mr. LA FOLLETTE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Alken	Hatch	Reed
Andrews	Hawkes	Revercomb
Ball	Hayden	Reynolds
Bankhead	Hill	Robertson
Bilbo	Holman	Russell
Bone	Johnson, Colo.	Scrugham
Brewster	Kilgore	Shipstead
Bridges	La Follette	Smith
Brooks	Langer	Stewart
Buck	Lodge	Taft
Burton	McCarran	Thomas, Idaho
Butler	McClellan	Thomas, Okla.
Byrd	McFarland	Thomas, Utah
Capper	McKellar	Tobey
Caraway	McNary	Truman
Chavez	Maloney	Tunnell
Clark, Mo.	Maybank	Tydings
Connally	Mead	Vandenberg
Davis	Millikin	Van Nuys
Downey	Moore	Wagner
Eastland	Murdock	Wallgren
Ellender	Murray	Walsh
Ferguson	Nye	Wheeler
George	O'Daniel	Wherry
Gerry	O'Mahoney	White
Green	Overton	Wiley
Guffey	Pepper	Willis
Gurney	Radcliffe	Wilson

The PRESIDING OFFICER. Eighty-four Senators have answered to their names. A quorum is present.

BILL IMPORTANT ON HOME FRONT

Mr. O'MAHONEY. Mr. President, the issue which is presented by the various amendments which have been reported from the Banking and Currency Committee or which have been offered by various Senators—

Mr. SHIPSTEAD. Mr. President, will the Senator yield to me for the purpose of suggesting the absence of a quorum?

Mr. O'MAHONEY. A quorum call has just been made.

Mr. SHIPSTEAD. Is there a quorum present?

Mr. O'MAHONEY. Senators have answered to their names and then left the Chamber to attend committee meetings. It is only appropriate that I should say that the Members of the Appropriations Committee, for example, are now holding subcommittee meetings, conference meetings, and hearings, and are

marking up various bills which are to be passed by the 30th of June. I was myself participating in the conference on the District of Columbia appropriation bill all morning, and was unable to be in the Chamber when the discussion began today. I can understand the absence of Senators from the Chamber. Their absence only emphasizes the importance of the subject matter of this bill and of the various amendments, which involve the whole capacity of America to wage this war upon the home front.

In the Appropriations Committee, which was considering the War Department bill day before yesterday, we heard the testimony of General Arnold, the head of the Air Force. Members of that committee were naturally asking him about the feats and the sufferings of the young men who constitute the Air Force, and who are carrying on the war over the Axis countries. I think it may be appropriate to recite here one story which he told.

Senators will remember that American Flying Fortresses made an attack upon the German base at Kiel, and that 24 American bombers failed to return from that engagement. Every Flying Fortress had a crew of 9 members, and each Flying Fortress, without regard to the armament or the radio installation, cost the people of this country more than \$385,000. Twenty-four of them, with their crews of 9 men each, failed to return to their base. Fortunately the failure of a plane to return to its base does not necessarily mean the loss of the lives of all the crew. It was in answer to questions with respect to that feature that General Arnold told the incident which I am about to repeat.

One of those planes was seen to be hit, and its engines were seen to catch on fire. It was falling, out of control, and seven of the crew of nine jumped with their parachutes, and were gradually coming down to earth. General Arnold stated that so far as the Germans are concerned, we know that fliers who jump by parachute are in no danger of being shot from the air, although the Japanese do shoot airmen who bail out. However, two of the crew did not bail out. They were gunners, one of them in the tail of the ship and the other in the nose. They stayed in the ship, sinking as it was to destruction in flames, and operated their guns all the way down.

Their companions in other planes who saw that those men were giving their lives when they might have jumped, destroyed in that action no less than seven German fighters.

UNITY DEMANDS WE FORGET GROUP INTERESTS

Mr. President, with those stories coming to us from the millions of boys who are waging this war, here on the home front we find labor wondering about how much it is going to receive, we find farmers wondering how much they are going to receive, and we find businessmen begging the Congress to change the law so that they will receive more. In all the confusion upon the home front there is this lack of understanding of the terrible

crisis in which this Nation and democracy are involved.

Ah, Mr. President, it seems to me that the time has come for us to forget our group interests, whatever they may be, and to think of those boys who are giving their lives to save the fundamentals of freedom and of democracy. Let us stop thinking about what someone is taking away from us, and let us make a constructive effort to achieve unity upon the home front.

PEOPLE KNOW WAR MUST BE WON

Mr. President, I know that the people of America are ready for that unity. It would not be possible for the citizens of America to respond as they have responded to the appeal to buy bonds; it would not be possible for the tax bills to be received with such apparent acquiescence in every community and in every State, if the people of America did not understand that there is a war to be fought, and war to be won.

I sympathize completely with everything which has been said on behalf of agriculture, I sympathize with the position of labor, I sympathize with the position of businessmen because I know that in 90 percent of all these cases the hearts and minds of all our citizens, whether they belong to labor, capital, or the farmer, are sound. What we lack is a comprehensive, all-embracing leadership, and a willingness to cooperate one with another here in the Government.

RESENTS EFFORTS TO BYPASS CONGRESS

I understand completely, and I have expressed myself over and over again, the dissatisfaction which Members of Congress feel because of the fact that the executive arm of the Government has on numerous occasions indicated its intention to bypass the Congress, to disregard Congress, to act without regard to the letter of the law, and to explain away some of the expansions and extensions of power which have been made. That is all true, Mr. President, but, on the other hand, knowing as I do the personnel of most of the executive agencies, I realize that 90 percent of the people in the bureaus want to do the right thing.

I have charged, and I do not withdraw the charge, that there have been men in the executive bureaus, such as the O. P. A., and the W. P. B., who have deliberately wanted to change our form of government, and who sought to use the war powers to bring about that objective. I know that there have been persons in various bureaus who have believed that the time has come when little business can be liquidated, when individual enterprise can be liquidated, and all those things accomplished. But this I know, as far as the O. P. A. is concerned, when our former colleague, Mr. Prentiss Brown, assumed his duties as the Administrator of that agency, he began immediately a good-faith effort so to administer it that it would be in accord and in harmony with the law and with the will of Congress. He has shown a disposition to cooperate with Congress and to discover from Congress the legislative intent. In this very matter he has come before the Committee on Banking and Currency, and has cooperated with the members of

the committee in an effort to work out a satisfactory solution of the problems involved. I do not believe that the solution which has been brought upon the floor is a satisfactory one, but I wish to recognize the essential ability and good faith of former Senator Brown, and those who are following his directions in the O. P. A.

I wish to compliment the Senator from Ohio [Mr. TAFT] for the broad-minded and constructive manner in which he has approached this problem. It would have been easy for one in his position to have laid aside the serious issue and to have thought in terms purely of partisan politics. It would have been easy for him to have denounced the whole subsidy program as though it were a thing to which we had never given our consent, as some have done. I wish to compliment the Senator from Ohio on the statesmanlike attitude which he has assumed.

Likewise, I may say as much for the Senator from Alabama who, I know, has been laboring in an effort to work out a solution of this matter.

I know that the distinguished Senator from Missouri [Mr. CLARK], whose amendment is now the pending business, has been actuated by the noble motive of restoring the power of Congress, the elected representatives of the people, in this great crisis. I am for all of them.

BILL FAILS TO SOLVE PROBLEM

Unfortunately, Mr. President, the suggestions which have been made here do not go to the heart of the problem. If we pass the pending bill with any of the amendments which have been proposed we shall still have failed to solve the problem which is presented to us. It is not sufficient to say there shall be no subsidies, and then, when we find that that broad declaration rules out subsidies for which we have asked vote to make modifications so as to preserve the subsidies which we want, while denouncing the subsidies which we do not want. Now, Mr. President, I desire to assert certain principles which I think ought to be contained in this bill and which, if they are not contained in the bill, will prevent a constructive solution of the tremendous problem which confronts us.

MUST MAINTAIN AGRICULTURAL PRODUCTION

The first principle to be laid down is that we must maintain agricultural production. We cannot afford to permit the production of agricultural commodities to be impeded, to be delayed, or to be suppressed; but the fact remains, Mr. President, that under the policies which we have been following up to this time obstacles have been raised to agricultural production. If this condition is not corrected the country will be unable to do the job it has assumed to do in the production of food not only for our armed forces and for our civilian population but for lend-lease and now, under Governor Lehman, for the relief of the stricken people of Axis-occupied countries.

How absurd it has been, Mr. President, for us for more than a year to have followed a policy which overlooked all these objectives and which was concerned only with the purpose of keeping down the cost of living so far as

foodstuffs are concerned for the consumer at the home table. It is only necessary to point out that the consumers at home have supported the black market. If they have sufficient money to support the black market then certainly they have sufficient money to support agricultural production upon a basis which will make it possible to produce what the Nation needs if it is to deliver on the commitments it has made to civilization.

I read in the newspapers that Members of Congress are now thinking of forming a consumers' block, which will be devoted to keeping down the cost of foodstuffs, no matter what may happen to the quantity of food the Nation needs to have in order to distribute it. We cannot permit ourselves to be driven into positions because the consuming masses in the large cities do not understand the problem; nor should we be driven to adopt any policy because telegrams pour in here from agricultural regions asking us to do this or that.

A few days ago, before the amendment offered by the Senator from Vermont [Mr. AIKEN] and the Senator from Iowa [Mr. GILLETTE] had even been presented at the desk of the Senate, telegrams from various areas were already on their way to my office asking me to support the Aiken-Gillette amendment, in fact, telling me I must support it. I knew that the authors of those telegrams had not the remotest knowledge of what was in that amendment. Not only did they not know, but Members of the Senate, Members of the other House, and even members of the Senate Banking and Currency Committee, struggling with this problem, did not know what it was. Yet we received these telegrams.

The same thing is true with respect to labor. Communications were received by members of this body with respect to the so-called Connally bill, demanding this or demanding that, from persons who we knew did not understand the first thing about the contents of that measure.

Obviously, if we are to legislate under the whip of pressure groups, we shall not be exercising the constitutional power and responsibility which belong to us and which we ought to exercise under the oath which we took when we became Members of this body.

So I say the first principle is agricultural production. Let us do what may be necessary to maintain it. If we are to do that—and certainly everybody will agree that it must be done—then, obviously, the second principle which I wish to emphasize comes into play, and that is that there shall be no roll-back upon the producer of agricultural products, for it is the roll-back or the fear of the roll-back that destroys the capacity of the farmer and the rancher to produce.

It is perfectly appropriate to point out here that in January 1942, almost a year and a half ago, when the emergency price control bill was under consideration on the floor of the Senate the Members of the Senate, by an overwhelming vote, approved an amendment the purpose of which was to tie agricultural wages and industrial wages together so that agriculture and industry could move together

The Senate felt that it was a wise thing to do, but the amendment was thrown out in conference. Everything else that was in controversy between the two Houses was yielded save only that; everything else was yielded so that that amendment might be defeated.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield to the Senator from Florida.

Mr. PEPPER. When the able Senator says there should be no roll-back upon the producer, does the able Senator mean that the producer shall not have the sale price substantially depleted so that he will get less than he should get for what he produces, or does he mean that the roll-back should not be applied to the producer and a subsidy given to the producer to compensate for the roll-back, so that the roll-back would simply be a part of the technique of keeping down the excessive prices of commodities?

Mr. O'MAHONEY. My purpose—and I am going to offer language which I think will carry out the principles I am laying down—is to make a reassertion of the legislative judgment of Congress and the President that the prices for agricultural products should be those as defined in the act of October 2, 1942, and that if it be necessary to pay subsidies to maintain those prices in order to maintain production, subsidies shall be paid, but under the supervision and after the approval of Congress in the ordinary exercise of its legislative functions.

Mr. PEPPER. Mr. President, will the Senator yield further?

Mr. O'MAHONEY. Certainly.

Mr. PEPPER. What does the able Senator mean by under the scrutiny of Congress?

Mr. O'MAHONEY. I said in the normal process of legislative action.

Mr. PEPPER. That is what we are engaged upon now.

Mr. O'MAHONEY. Yes. This is a difficult problem, a very complex one, and when I have finished stating the principles upon which I have acted, then I shall be glad to read to him the language which I think will carry out those principles and which I think will be quite satisfactory to the Senator from Florida. If he will bear with me, I think at that time I shall be able to satisfy him.

MUST NOT DESTROY PRODUCER

Mr. President, we must so administer these prices that there shall not be a roll-back on the producer which will destroy his capacity to produce. I do not complain at the policy which the Congress has already adopted of making war against inflation by keeping prices down; I approve that. What I am pointing out is that from that day in January 1942 when the Emergency Price Control Act was approved, without the amendment tying farm wages and industrial wages together, there was a constant depletion of farm labor and other labor as a direct result, and a constant increase in the cost of living. Congress had given the Office of Price Administration practically every power it sought, but in spite of that grant, the cost of living continued to rise, because officials

in the O. P. A. were confronted with the conundrum of how they could reduce prices without killing production.

Mr. PEPPER. If the able Senator will yield for one other question, I shall not interrupt him further.

Mr. O'MAHONEY. I am always glad to be interrupted.

Mr. PEPPER. The Senator does not mean to say that the O. P. A. had to go to Congress almost begging on its knees to give it the power of subsidy, and the funds, ever since the price-control law has been before the Congress, does he?

Mr. O'MAHONEY. Oh, no, but I will say to the Senator that when the O. P. A. sent its request here for the power to subsidize, it asked for that power in a manner which was certain to bypass the Congress, in a manner which would have transferred the power of the purse from the elected representatives of the people to appointees who were selected without regard to the will of Congress, without regard to the confirmatory power of the Senate.

Mr. PEPPER. Will the Senator yield for a final question?

Mr. O'MAHONEY. Certainly.

Mr. PEPPER. Does the Senator envision the possibility that the Congress can determine, in the legislative process to which we are accustomed, what should be the amount of subsidy paid to all the various individual producers?

Mr. O'MAHONEY. Certainly, in the manner in which it is attempted to be done in the amendment offered by the Senator from Alabama. He asks for a lump sum, and he asks the approval of Congress, and that amendment undertakes to approve it.

I would say that that is an example which should be followed, and that it is perfectly possible for the executive branch of the Government, through the Bureau of the Budget, to send to the Congress in the ordinary way an estimate and a break-down of the expenditures needed for this purpose, and then Congress can approve it, and if it is done, then it will be the action of the legislative and the executive branches of the Government, instead, as it is now, and as it has been, and as it was proposed in the bill which the O. P. A. asked last February or March, of the arbitrary decision of appointive executive officers.

Mr. PEPPER. The able Senator then merely means that there will be an overall limit placed by the Congress upon the amount available for such subsidies?

Mr. O'MAHONEY. If the Senator were a member of the Committee on Appropriations, he would know that every bill which comes from that committee contains, as to a thousand or two or three thousand items, a lump-sum appropriation for such and such purposes, and in the Budget there is a specific table setting forth the persons to be employed, the salaries they are to be paid, the amount for telephones, the amount for telegraph, the amount for clerks, the amount for every item of expenditure. That can be done.

Mr. PEPPER. But if the cost of production can change from time to time

due to change in the cost of labor or to change in the cost of ingredients which enter into the cost of production, obviously the executive agency will have to have authority to graduate the amount of the subsidy according to circumstances.

Mr. O'MAHONEY. I do not deny that.

Mr. PEPPER. That is all I meant to suggest to the able Senator, that essentially it is inescapable that the discretion about the awarding of the subsidy, and the amount of it in the particular case, would have to rest in the executive agency.

Mr. O'MAHONEY. Again I say to the Senator that I am now merely discussing the fundamental principle. The Senator inquires about the details. I shall come to the details presently. But I should like to make clear what in my mind at least appears to be the important aspect of this problem. I think that if we once get those aspects clear in our minds, we shall be able to apply a solution.

The first principle is the stimulation of agricultural production.

The second is a determination that there shall not be a roll-back upon the producer, because obviously unless we preserve the producers from such a roll-back, he cannot produce, and we shall not have the food necessary to supply the tremendous needs we have assumed.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. SHIPSTEAD. In my opinion, the Senator is rendering a public service by addressing the Senate in the way he is addressing it. Under the pending bill we have this problem: A roll-back was invoked. I think it is now generally conceded before the Senate that it was done illegally and without any basis of law. Immediately when that roll-back was put into effect the prices of cattle and hogs coming into the packing houses dropped. It was said that the packers refused to pay the prevailing prices because the roll-back had reduced the prices to the consumers.

In the pending bill there is a provision for the payment of a subsidy to the processor. The legal basis of the bill is, as I understand the Attorney General's opinion, the fact that the packer is a producer, though he has always been regarded as a processor.

If the bill should be enacted, there could be no loss sustained by the packer because he protected himself by paying a lower price in order to escape a loss. The question is, If the bill shall be enacted—and I am addressing this question to the Senator from Wyoming because he has always shown a very profound understanding of the agricultural producer and has always been strong in his defense—

Mr. O'MAHONEY. I thank the Senator for that observation.

Mr. SHIPSTEAD. If the bill shall be enacted and money shall be provided for a subsidy, how can the roll-back reach the producer of cattle and hogs who lost on the market after the roll-back was invoked?

PRESENT SUBSIDY PROGRAM INEFFICIENT

Mr. O'MAHONEY. Mr. President, in my opinion, the present subsidy program is utterly and completely inefficient. It will not do the job it was intended to, and it will inevitably result in a roll-back upon the producer. Therefore, I desire to see that system ended, and I wish to substitute for it a system which will prevent a roll-back, but which at the same time will make it possible for the packer, the little packer particularly, to operate without loss.

Under the system which has been promulgated, I have not the slightest doubt that we shall not only suffer a reduction of production, as already indicated by the declining receipts from feeders, and so forth, but we shall also suffer a loss of processed meats because packers will be compelled to close their doors. The subsidy program to packers announced by the O. P. A. does not attempt to deal with the second problem at all. It was designed to deal with the first. It was the intention of the O. P. A., so expressed to me, that the subsidy of 2 cents a pound on the carcasses in the hands of the packers would leave them with sufficient money to continue to pay the prices the producers were receiving. But that was not the result. It was the difference between theory and reality. We must deal with realities. But when we deal with them I think we should recognize that most of the theorists, with the exception of those who were deliberately trying to change our form of government, were acting in good faith.

Mr. SHIPSTEAD. Does the Senator at this time have the intention of introducing a bill or of submitting an amendment the effect of which will be more equitable to the producer?

Mr. O'MAHONEY. Yes; I have an amendment which I will discuss presently. I wish to lay the ground for it, and I am propounding the principles upon which I am acting.

Mr. SHIPSTEAD. I did not know that the Senator intended to submit an amendment. I shall not interrupt the Senator further.

Mr. O'MAHONEY. I am glad to have the Senator interrupt me at any time.

We have our two first principles, maintenance of agricultural production and no roll-back upon the producer. Why do we say "no roll-back upon the producer"? Because we know that there is no other agency or person or group upon whom the producer can roll back. When the producer or rancher or the farmer does not obtain for his commodities a price which covers the cost of production there is only one recourse for him, and that is to go out of business, and the producers have been going out of business at such a rate as to threaten the production of agricultural commodities necessary to win the war.

WOULD CONTROL RETAIL PRICES

Mr. President, the third principle is that the price in the market place for foods and other agricultural commodities should be sufficient to enable the producer to produce them without a roll-back and without suffering a loss. But when it is necessary in the war against infla-

tion to reduce prices so as to prevent spiraling, then the subsidy may properly come into play, provided it is paid in the manner laid down in the original act. That act, the Emergency Price Control Act, recognized that if the retail ceilings were kept at a low level rising costs would make it impossible for the producer, without a subsidy, to meet those levels. It can be handled in such a way if we reannounce the determination of principle which we made in the act of October 2, 1942, to maintain the proper price for the producer by the normal operation of the market, unless it becomes essential to act otherwise. Is that sound? Is that a difficult thing to do?

SHOULD RETAIN AUTHORITIES

Mr. President, let it be remembered that on most agricultural products there has been no attempt as yet to pay a subsidy. It may not be necessary. But we should not destroy the legal authority which was granted by Congress in January 1942 and approved again in October 1942. We should not destroy the principle, but we should keep the payment of subsidies in strict control by asserting the power of Congress to supervise all authorizations and expenditures for such purposes so that we may know that the standards are reasonable and proper and meet the needs of the great community we represent.

Mr. TUNNELL. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. TUNNELL. It seems to me I have heard the expression "roll-back" used in perhaps different senses since this debate has been proceeding.

Mr. O'MAHONEY. The Senator is quite correct.

Mr. TUNNELL. I am quite sure that those using that term have not always had the same meaning in mind. I should be glad to have the Senator's idea of what a "roll-back" means.

Mr. O'MAHONEY. The word first came into current use when it was intended to describe the continuous passing on from retailer to wholesaler to distributor to producer of a reduction of price at the retail level. That is a roll-back, because, as the word itself indicates, it rolls back through all the various lines until it reaches the producer, and he must absorb it.

AGRICULTURE CANNOT ABSORB MORE REDUCTION

If we do not have sense enough to realize that the agricultural community, which has been at the lowest level of any community in our whole country, cannot absorb this continued reduction, then we do not have sufficient sense to deal with the problem. The roll-back on the producer must be stopped if we expect the producer to continue to produce.

The other definition has come into use since the O. P. A. announced its 10 percent cut on retail ceilings of meat and butter and coffee. I think that O. P. A. or some of its spokesmen intended that roll-back to be a limited roll-back; but, unfortunately, realities turned it into a complete roll-back. There is only one roll-back, and that is the one which begins with the O. P. A. on the retailer's shelves and goes all the way back to the

producer who provides the commodities which we need for food.

Mr. TUNNELL. Then, as I understand, if the \$450,000,000 or \$500,000,000 referred to in the Taft-Bankhead amendment could reach the persons from whom the roll-back is actually taken, it would constitute compensation or partial compensation.

Mr. O'MAHONEY. If it did, but, of course, that is not the program of O. P. A. That represents a change of policy from the policy which was announced by the Congress when it passed the original act.

Mr. TUNNELL. Which was that production should be increased.

Mr. O'MAHONEY. That is correct; that the subsidy payments should go to producers. Let me read that law to the Senate. I read from section 2 (e) of the Emergency Price Control Act, the act of January 20, 1942, which has already been the subject of much discussion here.

Whenever the Administrator—

That is, the Administrator of the Office of Price Administration. Observe the power which we gave:

Whenever the Administrator determines that the maximum necessary production of any commodity is not being obtained or may not be obtained during the ensuing year, he may, on behalf of the United States, without regard to the provisions of law requiring competitive bidding, buy or sell at public or private sale, or store or use, such commodity in such quantities and in such manner and upon such terms and conditions as he determines to be necessary to obtain the maximum necessary production thereof or otherwise to supply the demand therefor, or make subsidy payments to domestic producers of such commodity in such amounts and in such manner and upon such terms and conditions as he determines to be necessary to obtain the maximum necessary production thereof.

"PROCESSOR" AND "PRODUCER"

When that language was written into the law it was the belief that the words "domestic producers" meant, with respect to agricultural products, the farmer and the rancher at the beginning of the economic line. There has been an opinion rendered by men who are acting in the capacity of attorneys that a subsidy to a processor is a subsidy to a producer. Whatever may be the technical result of that interpretation, I say it was an interpretation intended to justify the withholding of a necessary subsidy to a producer, and the payment of it to a processor; and certainly, Mr. President, we have had sufficient experience in this country to know that when subsidies or grants of any kind or benefits of any kind are paid to those at the top of the economic scale, they have a tough time trickling through to the people at the bottom.

Mr. McKELLAR and Mr. CLARK of Missouri addressed the Chair.

The PRESIDING OFFICER (Mr. WILLIS in the chair). Does the Senator yield, and if so, to whom?

Mr. O'MAHONEY. I yield to the Senator from Tennessee.

Mr. McKELLAR. Mr. President, the Senator has already partially answered the question which arose in my mind. As I recall the terms of that act—for

which I did not vote, by the way—it specifically limited the power of the Administrator of the O. P. A. to the granting of subsidies to producers, not processors.

Mr. O'MAHONEY. That certainly was the intent, I think, so far as this is concerned.

Mr. CLARK of Missouri. Will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. CLARK of Missouri. I listened with great interest to the exposition of the very distinguished Senator from Wyoming, and I considered the Senator's proposition. I follow it one step further, and ask this question: Does the Senator think that if the position now claimed by the O. P. A. as to the extent of the authority granted by section 2 (e) of the Stabilization Act had been frankly avowed on this floor—that is to say, that the authority must be used in granting subsidies to processors, instead of producers—it would have been possible that the provision would have secured as many as 20 votes in the Senate?

Mr. O'MAHONEY. Mr. President, I have no doubt that it would not have been passed; and I say to the Senator as a proof of the correctness of that statement—and what I now say also deals with the question asked by the Senator from Delaware—that when the Committee on Banking and Currency a year ago reported a bill similar to this one, undertaking to authorize the R. F. C. to borrow \$5,000,000,000 and to spend it for subsidies, the bill was recommended to the Committee on Banking and Currency by this body. I am still happy that it was my motion to recommit which resulted in having the bill sent back. I made the motion because the bill, if passed, would have permitted the bypassing of the elected representatives of the people.

When I say that, I am not concerned that I, as an individual Senator, should be consulted; I am not concerned that the Senator from Missouri or the Senator from Oregon or any other Senator should be consulted; but I am concerned that the people of America who sent us here shall be certain that these things shall be done in the open forum, where all may see, and not be done behind some black curtain in an executive bureau, where only those who are taking the action, and who sometimes have a sinister objective, know what is being done.

Mr. TUNNELL. Mr. President, I am glad the Senator did not say "Senatorial" objective. [Laughter.]

I desire to ask the Senator a question, if he will yield to me.

Mr. O'MAHONEY. Certainly.

Mr. TUNNELL. I gather from the Senator's reading of the powers of the O. P. A. Administrator that rather wide latitude was left to him to determine the manner in which the money was to be used.

Mr. O'MAHONEY. It was. The reason for that was that, in the belief of the Congress, the O. P. A. would come back to Congress and would say, "These are the subsidies we want to pay, and this is the money we want to expend.

Now give us the fiscal authority." Of course, that is what they did; but it was done in such broad language that the Senate rebelled, and the bill went back.

Again, the amendment which has been proposed by the Committee on Banking and Currency to the bill which is on the calendar is also couched in broad language which would permit the use of the money which is sought to be authorized by it, for any of the purposes which have been condemned. The roll-back could be extended from meat to every other agricultural product, under the terms and within the limitation of that amendment.

Mr. TUNNELL. Mr. President, am I to understand that since the powers were to be exercised in such manner as the Administrator might determine, the Senator disagrees with the manner which has been determined?

Mr. O'MAHONEY. Oh, yes; absolutely. I think the decision with respect to the subsidy program as to meat, butter, and coffee was a mistaken policy, an ineffective policy, and one which cannot possibly result in anything but disaster so far as butter and meat are concerned.

Mr. TUNNELL. But the law itself permitted the Administrator to perform that function in such manner as he should determine, as I understood the language.

Mr. O'MAHONEY. I say again to the Senator that it was the opinion of Congress when that law was passed that the Administrator would come back to Congress for the specific fiscal authority, and would lay down his program. He did so; that is, he came to Congress and asked for \$5,000,000,000; but he did not spell out the program, and because he did not spell it out Congress said "No."

The program concerning which the Senator is interrogating me was not announced under the language which I have read, but under the language of the succeeding paragraph, which was for an utterly different purpose. Let me read it to the Senator:

Provided, That in the case of any commodity which has heretofore or may hereafter be defined as a strategic or critical material by the President pursuant to section 5d of the Reconstruction Finance Corporation Act, as amended, such determinations shall be made by the Federal Loan Administrator, with the approval of the President, and, notwithstanding any other provision of this act or of any existing law, such commodity may be bought or sold, or stored or used, and such subsidy payments to domestic producers thereof may be paid—

And so forth. The Senator will recall that Congress had passed, and the President had signed, a bill dealing with strategic and critical materials.

There never was any thought that such materials were anything but minerals and materials of that character. There never was the slightest imagination in the mind of anyone that that was intended to cover agricultural commodities, because section 3 of the bill dealt with agricultural commodities. This is another illustration of the devious method which has been followed time after time in the executive bureaus, of extending the power of the bureaus by interpretation of the law, trusting that

the Congress, because of the great emergency, would permit the extension to go unrebuked and uncorrected.

Mr. TUNNELL. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Wyoming yield to the Senator from Delaware?

Mr. O'MAHONEY. I yield.

Mr. TUNNELL. If I may ask one further question, I will not pursue the matter further.

Does the Senator believe that under the power which was given, and which seemed to be so broad as to leave to the Administrator the determination as to how the money should be spent, a possible shortage is being or was being prevented?

Mr. O'MAHONEY. I am afraid I did not catch the import of the question.

Mr. TUNNELL. As I understand from the Senator's reading of the act, whenever the Administrator should determine that there might be a shortage of food or of materials, he might make the expenditures in such manner as he should determine. I am trying to find out if the Senator thinks that those expenditures were being made in such a manner as to make less likely a shortage.

Mr. O'MAHONEY. The expenditures were not being made. The first example we have had of the payment of a subsidy for food commodities is in the program recently announced for meat, butter, and coffee. That method is not working, and in my judgment will not work, but will result only in disaster. It will obstruct and restrict rather than expand the production which we need.

Mr. TUNNELL. I think I understand the Senator's view.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I am glad to yield to the distinguished chairman of the Committee on Banking and Currency.

Mr. WAGNER. The Senator is always so enlightening that it is a pleasure for me to ask him questions.

Mr. O'MAHONEY. The Senator's statement will be a very pleasant thing for me to read in the RECORD tomorrow.

Mr. WAGNER. I mean it. I do not know that the Senator has covered the point which is troubling me. Let me give a specific case. Take New York City as an example. I think approximately three-fourths of the people there who work for a living are not employed in defense plants. Their wages have not been increased. They comprise a large and stable class. Many of them are teachers.

Mr. O'MAHONEY. They are like Members of Congress in that they have not had any increase in pay.

Mr. WAGNER. Probably not. The cost of living has risen; it has increased about 21 percent since 1939, and it continues to increase. By the end of the year it will probably have increased by an additional 12 percent. Those people will be in great difficulty.

Mr. O'MAHONEY. That is true.

Mr. WAGNER. How are we going to help them?

Mr. O'MAHONEY. We ought to prevent inflation.

Mr. WAGNER. How are we going to help those people?

Mr. O'MAHONEY. We will help them by the subsidy system when it is necessary.

Mr. WAGNER. That is exactly what I had in mind.

Mr. O'MAHONEY. I do not propose to do away with subsidies. I ask only that they be exercised in the full view of Congress, so that Congress may know what is being done.

Mr. WAGNER. In the particular instance which I have cited, the effects are already being felt.

Mr. O'MAHONEY. The program which has been announced would destroy the supply for the Senator's constituents in New York.

Mr. WAGNER. Why?

Mr. O'MAHONEY. Because production would be cut off. We cannot expect a dairyman to operate at a loss. We cannot expect a farmer or a rancher to operate at a loss. Under the program which has been announced by the O. P. A., although there has been a 10-percent decrease in retail prices, the subsidy which was intended to take up that decrease will go to the packer, and will not be reflected back to the producer. A producer who is operating at a loss will go out of business, and there will be no meat. The mayor of New York is quoted in the New York newspapers as complaining about the lack of meat. The story is the same in every large city. Two or three days ago the Washington News carried a headline describing this program. I do not know that I can quote the exact words, but they were to this effect: "Retail prices of meat reduced—if you can find the meat."

Mr. WAGNER. Of course, the black market has been a very difficult problem.

Mr. O'MAHONEY. Certainly. I will show the Senator how the black market can be controlled, and how prices can be kept down for the benefit of consumers, and how my constituents can be enabled to continue to supply the foodstuffs which are necessary not only for New York City, but for the Army and Navy, for lease-lend, and for Governor Lehman in his efforts aboard.

Mr. WAGNER. When I spoke of New York I was using it merely as an illustration.

Mr. O'MAHONEY. I understand. I meant no reflection.

SUBSIDIES WOULD GO TO PRODUCERS

Mr. WAGNER. The Senator says that there should be subsidies. To whom is the subsidy to go?

Mr. O'MAHONEY. To the producer, the last link in the economic chain. When he receives the cost of production, every one else in the chain can operate on that basis, and the whole economic system can work properly. Instead of beginning at the tail end and saying, "These are the retail prices, and every other element in the economic system must accommodate itself to these prices," I say turn the mechanism around and begin at the other end. Decide what prices are necessary to obtain the production which we need, and then let the other elements accommodate themselves. If the retail price ceiling is not sufficient

to maintain those prices, then, and only then, and only with the consent of Congress, resort to a subsidy.

Have I made myself clear to the Senator?

Mr. WAGNER. Except for one point. The Senator says "Only with the consent of Congress." We cannot wait in every instance to see what the situation is, can we?

Mr. O'MAHONEY. Certainly; under the system which I shall announce in a moment.

Mr. WAGNER. Very well. I wish to hear what the Senator from Wyoming has to propose.

Mr. O'MAHONEY. Mr. President, I think I have announced the various principles, with the possible exception of two.

A principle which must be maintained is that we shall continue to wage war on inflation, because if we permit inflation to come, then labor, the consumer, the producer, the business man, the school teacher, the Senator, the Representative, the newspaper man, and the radio commentator will all suffer, and the Government itself will suffer in the prices it must pay. We must recognize the necessity of preventing inflation, and we must so manage our legislation and our requests for our own groups that such legislation and requests will not endanger the ultimate objective of preventing inflation.

Finally, Mr. President—and this, I think, is the most important principle of all except that of continuing to preserve agricultural production—the responsibility and authority for handling the agricultural program, including the payment of any subsidies that should be paid, should be exercised by the War Food Administrator, and by no one else. It is absurd to believe that we can entrust the encouragement of agricultural production to an office the primary responsibility of which is to keep down the cost of living; because in every questionable case an agency of that kind will resolve the doubt against the producer. That is not only true with respect to agriculture, Mr. President; it is true with respect to oil. At this moment we have an illustration of that in this Government. The Office of Price Administration is holding down the price of gasoline so that consumers who have A cards will not have to pay more than 16 or 17 cents a gallon—although they cannot obtain enough gasoline to fill a thimble—and because the price of gasoline is kept down, the ability of the oil producers of America to produce the oil which is needed for the Flying Fortresses is being curtailed.

When Secretary Ickes, the Petroleum Administrator for War, demands that he be allowed more petroleum in order to provide fuel for the flights our air forces are making in the Pacific, in Africa, and over Europe, and demands that the price paid to the producer be increased so that he can obtain the oil, the answer he receives from the O. P. A. is that to do so would increase the burden on the consumers and would increase the cost of living.

Mr. President, how useless it is to talk about the cost of living in connection

with the vital commodities which are necessary to maintain bare living itself, to preserve the Government, and to win the war.

We are confusing important notions. I believe in fighting inflation, but we must yield on that point whenever it is necessary to do so in order to obtain the commodities we need for the great, fundamental objective of the Nation. If it is impossible in certain instances to do that, then we must resort to subsidies.

Take the case of oil. We resorted to a subsidy when it became necessary to pay the cost of transportation to the railroad companies.

Mr. WAGNER. And also to the coal industry.

Mr. O'MAHONEY. No Member of the Senate proposes now to do away with that subsidy. If we are willing to say, as we do say, that a subsidy to the oil industry is necessary—or to the coal industry, as the Senator from New York suggests—and that we are going to maintain those subsidies because we need those commodities, then who is going to say that under no circumstances shall we permit a subsidy to be paid in order to produce the food we need?

This is a realistic question. It is not merely one of theoretical objectives.

Mr. GUFFEY. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. GUFFEY. Does the Senator mean to say that the producers of oil have received a subsidy? The subsidy is a transportation subsidy. The oil producers have no subsidy, and never have received one.

Mr. O'MAHONEY. Mr. President, I recognize the correctness of the position taken by the Senator from Pennsylvania. The Senator will realize that I am not speaking from notes.

Mr. GUFFEY. I understand.

Mr. O'MAHONEY. I am speaking on the question as it arises here. I initiated the discussion by referring specifically to the cost of transportation, but we are paying subsidies for transportation. We are paying subsidies for numerous other items. We carefully provide in the committee amendment that nothing in the war against subsidies shall be so interpreted as to stop soil-conservation payments.

The amendment of the distinguished Senators from Vermont and Iowa has been so drafted as to preserve certain subsidies which now necessarily are going to agriculture.

In this great crisis confronting the Nation we have recognized that the use of a subsidy may be a necessity to prevent disaster, and, so far as that is concerned, I am willing to go along; but, Mr. President, we cannot avoid the complete wreckage of our food program if we continue to deprive the War Food Administrator of the power and authority to obtain the food which is needed.

So I say let us take the power over food away from the R. F. C. and away from the O. P. A., and let us put it where it belongs—in the hands of a man who understands agriculture and its problems.

Mr. President, I remember so well the profound feeling of relief which was indicated among Members of this body when the announcement was made that Chester Davis was to be the War Food Administrator. All criticism disappeared. All suspicion disappeared. On every hand Members of the Senate were saying, "Now, at last, we shall have a Food Administrator who understands his job, who understands the farmer, and the task of producing agricultural commodities. Now this problem will probably be on the way to solution." But, as it is working out, Mr. Davis does not have the power which is essential to enable him to do the job.

We gave the Rubber Administrator full power to perform the task assigned to him; and when he came into conflict with the War Department and the War Production Board he prevailed because it was the will of Congress and the will of the Executive that synthetic rubber should be provided without any guesses or qualifications.

Mr. President, I say to you that if we are to solve the problem of agriculture and of feeding the Army, the Navy, and the civilian population, there is only one way to do it. That is to take the responsibility out of the hands of the agency which is concerned only with keeping prices down, and to put it into the hands of the agency which knows something about farmers and about agriculture. Mr. President, I say that without the slightest thought of criticism of the O. P. A. under the direction of former Senator Prentiss Brown. Again, I wish to say that I regard him as an able, energetic, patriotic man, who, in good faith, is trying his best to do an impossible job.

In the Senate and in the other House tempers have become short and suspicions have been aroused. We are in great danger of legislating in anger, and slashing out to destroy an obvious injustice; and in so destroying such injustice we may bring down upon our heads a disaster greater than the disaster or the evil we are trying to cure.

So, Mr. President, we must approach this problem not as angry persons intent upon demonstrating our ability to stop the machine from working; we must act as intelligent legislators for the purpose of maintaining production, of preventing inflation, and of enabling an official or an agency with an understanding of agriculture to carry on that work.

Mr. President, how is it to be done? It will not be done by the amendment proposed by the Banking and Currency Committee, and, in my judgment, it will not be done by the amendment drawn by the Senator from Vermont [Mr. AIKEN] and the Senator from Iowa [Mr. GILLETTE], although I recognize how diligently they have worked upon that measure.

SUGGESTED AMENDMENT

I have here a draft which I have prepared and submitted to every thoughtful person whom I could reach in various agencies, and I have yet to find anyone who says that there is any economic defect in it. In order that it may be clear

in the RECORD for those who are to read the RECORD tomorrow, and because I have not introduced it, and, therefore, it is not printed in the form of an amendment, I send it to the desk and ask that the clerk may read it.

The PRESIDING OFFICER. Without objection, the clerk will read as requested.

The legislative clerk read as follows:

"The first sentence of section 2 (e) of the Emergency Price Control Act of 1942 is hereby amended by inserting before the period at the end thereof a colon and the following: 'Provided further, That the authority conferred by this subsection with respect to the buying, selling, storage, and use of commodities, and the making of subsidy payments to domestic producers thereof, shall, in the case of any commodity used for food purposes, be exercised only by or under the direction of the War Food Administrator and only in such manner and upon such terms and conditions as he determines to be necessary to obtain the maximum necessary production of food in the quantities specified by the President to assure an adequate supply of food for the armed forces, for the essential civilian needs, for carrying out the purposes of the act of March 11, 1941, and 'or war relief purposes: *Provided further*, That no such subsidy payments shall be made unless the average price received by producers in the market place for such commodities meets the requirements of section 3 of the act approved October 2, 1942 (Public Law 729, 77th Cong.): *Provided further*, That the amount of such subsidy payments shall not exceed in the aggregate the amount recommended by the Director of the Bureau of the Budget and approved by the Congress: *Provided further*, That nothing herein shall be construed to prevent the payment by the Reconstruction Finance Corporation or any other Government agency of subsidies which have accrued prior to the date of enactment of this act."

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

CONTINUATION OF COMMODITY CREDIT CORPORATION

The Senate resumed the consideration of the bill (S. 1108) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and to provide for an audit by the General Accounting Office of the financial transactions of the Corporation, and for other purposes.

Mr. MURDOCK. Mr. President, will the Senator yield to me for a question?

Mr. O'MAHONEY. I yield to the Senator from Utah.

Mr. MURDOCK. Referring to the second proviso of the Senator's amendment, which reads:

Provided further, That the amount of such subsidy payments shall not exceed in the aggregate the amount recommended by the Director of the Bureau of the Budget and approved by the Congress.

Is it the Senator's intention to limit the Congress of the United States appropriating money for this purpose or any other purpose to the recommendation of the Bureau of the Budget?

Mr. O'MAHONEY. Oh, no, and if the language were susceptible to that inter-

pretation, I would change it immediately. I mean to have the Bureau of the Budget act in its legal capacity only as a recommending agency.

Mr. MURDOCK. Will the Senator yield for a further observation?

Mr. O'MAHONEY. Certainly.

Mr. MURDOCK. I believe that under the present law every item of appropriation before it comes to Congress is first submitted to the Budget Bureau?

Mr. O'MAHONEY. That is correct.

Mr. MURDOCK. Then, why would it not be better to delete reference to the Director of the Bureau of the Budget? I fully favor the scrutiny of the Bureau of the Budget as to all appropriations, but I think it is exceedingly dangerous, Mr. President, to write into law language which, even by implication, could be construed as a limitation on the power of Congress unless it has the approval of the Bureau of the Budget.

Mr. O'MAHONEY. The Senator may be quite right about that.

Mr. MURDOCK. I should like to see that language deleted.

Mr. O'MAHONEY. I will say to the Senator that my purpose in putting this language in was to provide the machinery by which the President, acting through the Bureau of the Budget, could make his recommendations to Congress. It might be better to have the recommendation come directly from the President himself, and, if I should offer this amendment, I should certainly consider making a modification.

Mr. MURDOCK. I hope the Senator will consider that point carefully.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield to the Senator from Texas.

Mr. CONNALLY. Mr. President, I crave the indulgence of the Senator from Wyoming. There is on the desk a matter of the highest privilege that ought to receive the immediate attention of the Senate. I am wondering if the Senator from Wyoming would defer his remarks until after we dispose of the matter in question?

Mr. O'MAHONEY. In order that I may yield the floor to the Senator for the matter of the very highest privilege, I shall now ask unanimous consent that there may be printed in the RECORD a modification of the amendment offered by the Senator from Alabama [Mr. BANKHEAD] for the Committee on Banking and Currency in order that this whole discussion and the proposals I make may appear at one place in the RECORD, and, later on, I shall be glad to resume the discussion, if that be necessary.

MODIFIED BANKHEAD AMENDMENT

The PRESIDING OFFICER. Without objection, proposed modified amendment referred to by the Senator from Wyoming will be printed in the RECORD.

The proposed modified amendment is as follows:

SEC. 5. Notwithstanding the provisions of section 2 (e) of the Emergency Price Control Act of 1942, or other provisions of law, neither the Commodity Credit Corporation, the Reconstruction Finance Corporation, its subsidiaries, nor any other Government-owned corporation, shall pay any subsidies or pur-

chase any commodities for the purpose of selling them at a loss, or borrow any money to be used for such purpose, nor shall any appropriation heretofore or hereafter made by the Congress be used for any such purpose except as provided in this section or hereafter expressly authorized by the Congress.

(a) The Reconstruction Finance Corporation and the Commodity Credit Corporation are authorized to borrow money and pay to shippers of commodities or others the increased costs of transportation resulting from the war emergency.

(b) The Reconstruction Finance Corporation is authorized to borrow money and to pay subsidies relating to, or purchase for the purpose of selling at a loss, strategic and critical materials necessary to the manufacture of equipment and munitions of war for the United States Government or any of the United Nations, and to subsidize the high-cost production of minerals to increase the production thereof.

(c) The Reconstruction Finance Corporation is authorized to borrow and use such sums as may be necessary to liquidate all subsidy payments which have accrued prior to July 1, 1943, under the terms of the so-called roll-back program.

(d) The Commodity Credit Corporation is authorized to borrow not to exceed \$175,000,000 and to use or allocate any part of said sum prior to July 1, 1944, to pay subsidies or purchase commodities for the purpose of selling them at a loss in order to obtain the necessary production of such commodities in cases where the average price received by producers of such commodities in the market place meets the requirements of section 3 of the act of October 2, 1942 (Public Law 729, 77th Cong.). All commitments heretofore made by the Commodity Credit Corporation for such or similar purposes shall be fulfilled out of the sum authorized herein, and no further commitment herein authorized shall be entered into hereafter with any producer, processor, or distributor that cannot be fulfilled out of said sum.

(e) Nothing herein shall be construed to prevent the making of parity payments, soil-conservation payments, or benefits to sugar growers, or the sale of feed wheat, as authorized by existing law.

PREVENTION OF STRIKES IN DEFENSE INDUSTRIES—VETO MESSAGE (S. DOC. NO. 75)

Mr. CONNALLY. Mr. President, I ask that the President's message be laid before the Senate.

Mr. HILL. Mr. President, if the Senator will yield, I am wondering if he will not let me suggest the absence of a quorum so that all Senators may be here to listen to the message?

Mr. CONNALLY. I yield to the Senator for that purpose.

Mr. HILL. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. WILLIS in the chair). The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Connally	Kilgore
Andrews	Davis	La Follette
Ball	Downey	Langer
Bankhead	Eastland	Lodge
Bilbo	Ferguson	McCarran
Bone	George	McClellan
Brewster	Gerry	McFarland
Bridges	Green	McKellar
Brooks	Guffey	McNary
Buck	Gurney	Maloney
Butler	Hatch	Maybank
Byrd	Hawkes	Mead
Capper	Hayden	Millikin
Caraway	Hill	Moore
Chavez	Holman	Murdock
Clark, Mo.	Johnson, Colo.	Murray

Nye	Scrugham	Tydings
O'Daniel	Shipstead	Vandenberg
O'Mahoney	Smith	Van Nuys
Overton	Stewart	Wagner
Pepper	Taft	Walsh
Radcliffe	Thomas, Idaho	Wheeler
Reed	Thomas, Okla.	Wherry
Revercomb	Thomas, Utah	White
Reynolds	Tobey	Wiley
Robertson	Truman	Willis
Russell	Tunnell	Wilson

The PRESIDING OFFICER. Eighty-one Senators having answered to their names, a quorum is present.

The Chair lays before the Senate a message from the President of the United States, which the clerk will read.

The legislative clerk read as follows:

To the Senate:

I am returning herewith, without my approval, S. 796, the so-called war labor disputes bill.

It is not a simple bill, for it covers many subjects. I approve many of the sections; but other sections tend to obscure the issues or to write into war legislation certain extraneous matter which appears to be discriminatory. In the form submitted to me the accomplishment of this avowed purpose—the prevention of strikes in wartime—could well be made more difficult instead of more effective.

Let there be no misunderstanding of the reasons which prompt me to veto this bill at this time.

I am unalterably opposed to strikes in wartime. I do not hesitate to use the powers of government to prevent them.

It is clearly the will of the American people that for the duration of the war all labor disputes be settled by orderly procedures established by law. It is the will of the American people that no war work be interrupted by strike or lock-out.

American labor as well as American business gave their "No strike, no lock-out" pledge after the attack on Pearl Harbor.

That pledge has been well kept except in the case of the leaders of the United Mine Workers. For the entire year of 1942, the time lost by strikes averaged only five one-hundredths of 1 percent of the total man-hours worked. The American people should realize that fact—that ninety-nine and ninety-five one-hundredths percent of the work went forward without strikes, and that only five one-hundredths of 1 percent of the work was delayed by strikes. That record has never before been equaled in this country. It is as good or better than the record of any of our allies in wartime.

But laws are often necessary to make a very small minority of people live up to the standards of the great majority of people follow. Recently there has been interruption of work in the coal industry, even after it was taken over by the Government. I understand and sympathize with the general purpose of the war disputes bill to make such interruptions clearly unlawful.

The first seven sections of the bill are directed to this objective.

Section 1 provides that the act may be cited as the "War Labor Disputes Act."

Section 2 relates to definitions.

Section 3 gives statutory authority to the President to seize war facilities—a

power already exercised on several occasions under Executive order or proclamation.

Sections 4 and 5 of the bill provide for maintaining existing terms and conditions of employment except as directed by the War Labor Board.

Section 6 makes it a criminal offense to instigate, direct, or aid a strike in a Government-operated plant or mine.

This would make possible the arrest of a few leaders who would give bond for their appearance at trial. It would assure punishment for those found guilty, and might also have some deterrent effect. But it would not assure continuance of war production in the most critical emergencies.

Section 7 gives the National War Labor Board statutory authority and defines its powers.

Broadly speaking, these sections incorporate into statute the existing machinery for settling labor disputes. The penalties provided by the act do not detract from the moral sanctions of labor's no-strike pledge.

If the bill were limited to these seven sections I would sign it.

But the bill contains other provisions which have no place in legislation to prevent strikes in wartime and which in fact would foment slow-downs and strikes.

I doubt whether the public generally are familiar with these provisions. I doubt whether the Congress had the opportunity full, to appraise the effects of these provisions upon war production.

Section 8 requires the representative of employees of a war contractor to give notice of a labor dispute which threatens seriously to interrupt war production to the Secretary of Labor, the National War Labor Board, and the National Labor Relations Board in order to give the employees the opportunity to express themselves by secret ballot whether they will permit such interruption of war production.

It would force a labor leader who is trying to prevent a strike in accordance with his no-strike pledge, to give the notice which would cause the taking of a strike ballot and might actually precipitate a strike.

In wartime we cannot sanction strikes with or without notice.

Section 8 further makes it mandatory that the National Labor Relations Board on the thirtieth day after the giving of the notice take a secret ballot among the employees in the "plants, mines, facilities, bargaining unit, or bargaining units," as the case may be on the question of whether they will stop work. This requirement would open the whole controversy over "bargaining units," a fruitful source of controversy and of bitter jurisdictional strife.

Section 8 ignores completely labor's "no strike" pledge and provides in effect for strike notices and strike ballots. Far from discouraging strikes these provisions would stimulate labor unrest and give Government sanction to strike agitations.

The 30 days allowed before the strike vote is taken under Government auspices

might well become a boiling period instead of a cooling period. The thought and energies of the workers would be diverted from war production to vote-getting.

The heads of our military, naval, and production agencies have testified that these provisions are likely to be subversive of the very purpose of the bill—uninterrupted production.

Section 9 of the bill prohibits, for the period of the war, political contributions by labor organizations. This provision obviously has no relevancy to a bill prohibiting strikes during the war in plants operated by the Government or to a "War Labor Disputes Act." If there be merit in the prohibition, it should not be confined to wartime, and careful consideration should be given to the appropriateness of extending the prohibition to other nonprofit organizations.

There should be no misunderstanding—I intend to use the powers of government to prevent the interruption of war production by strikes. I shall approve legislation that will truly strengthen the hands of government in dealing with such strikes, and will prevent the defiance of the National War Labor Board's decisions.

I recommend that the Selective Service Act be amended so that persons may be inducted into noncombat military service up to the age of 65 years. This will enable us to induct into military service all persons who engage in strikes or stoppages or other interruptions of work in plants in the possession of the United States.

This direct approach is necessary to insure the continuity of war work. The only alternative would be to extend the principle of selective service and make it universal in character.

I recognize that this bill has an entirely praiseworthy purpose to insure full war production. But I am convinced that section 8 will produce strikes in vital war plants which otherwise would not occur. Therefore, I could not properly discharge the duties of my office if I were to approve S. 796.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, June 25, 1943.

The PRESIDING OFFICER. The message will be printed.

The Senate proceeded, as the Constitution requires, to consider the bill (S. 796) relating to the use and operation by the United States of certain plants, mines, and facilities in the prosecution of the war, and preventing strikes, lock-outs, and stoppages of production, and for other purposes.

The PRESIDING OFFICER. The question is, Shall the bill pass, the objections of the President of the United States to the contrary notwithstanding?

Mr. CONNALLY. Mr. President, I am sorely disappointed. The Senate is sorely disappointed. The House, I am sure, is sorely disappointed. The people of the United States in overwhelming majority are sorely disappointed. Every soldier and sailor on the seas and on the land and in the air is sorely disappointed. The sections of the bill about which the President complains were contained in the bill as it passed the House. They are

not vital provisions in the bill. They are merely incidentals. The President has the right under the Constitution to veto a bill, and the Senate has a right to pass a bill over the President's veto. I hope the Senate will exercise its high constitutional privilege.

Mr. HATCH. Mr. President, as one of the conferees who worked in trying to bring about an adjustment between the House and the Senate on this all-important legislation, I wish to join the Senator from Texas in hoping that the Senate will override the President's veto.

The PRESIDING OFFICER. On this question, under the Constitution, the vote must be taken by the yeas and nays. The clerk will call the roll.

Mr. LA FOLLETTE. I make the point of order that the Senate is not in order.

The PRESIDING OFFICER. The Senate will be in order.

Mr. STEWART. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. STEWART. Is a vote "yea" a vote in favor of overriding the President's veto?

The PRESIDING OFFICER. The Senator is correct. A vote "yea" is a vote to pass the bill, the objections of the President of the United States to the contrary notwithstanding.

Mr. STEWART. Did I correctly understand the Senator from Texas to make a motion that the Senate override the President's veto?

The PRESIDING OFFICER. Such a motion is not necessary. The question arises automatically under the Constitution.

Mr. STEWART. The question comes before the Senate automatically?

The PRESIDING OFFICER. That is correct. The clerk will call the roll.

The legislative clerk called the roll.

Mr. OVERTON. I announce that my colleague the junior Senator from Louisiana [Mr. ELLENDER] is unavoidably detained because of illness.

Mr. HILL. I announce that the Senator from Virginia [Mr. GLASS] and the Senator from Kentucky [Mr. BARKLEY] are absent from the Senate because of illness.

The Senator from North Carolina [Mr. BAILEY], the Senator from Idaho [Mr. CLARK], and the Senator from Illinois [Mr. LUCAS] are detained on important public business.

The Senator from Iowa [Mr. GILLETTE], who, if present, would vote "yea," is necessarily absent.

The junior Senator Kentucky [Mr. CHANDLER] is absent, having been directed by the chairman of the Committee on Military Affairs as a subcommittee to visit the hospital ship which recently reached New York from Africa.

The Senator from Washington [Mr. WALLGREN] is absent on official business for the Special Committee to Investigate the National Defense Program.

The Senator from Kentucky [Mr. CHANDLER] and the Senator from New Jersey [Mr. BARBOUR], who, if present, would vote "yea," are paired with the Senator from Washington [Mr. WALLGREN], who, if present, would vote "nay."

The Senator from Virginia [Mr. GLASS] and the Senator from Ohio [Mr. BURTON], who, if present, would vote "yea," are paired with the Senator from Idaho [Mr. CLARK], who would vote "nay."

Mr. McNARY. The following Senators would vote "yea" if present:

The Senator from Vermont [Mr. AUSTIN], the Senator from New Jersey [Mr. BARBOUR], the Senator from Ohio [Mr. BURTON], and the Senator from South Dakota [Mr. BUSHFIELD].

The Senator from California [Mr. JOHNSON] is absent because of illness.

The Senator from South Dakota [Mr. BUSHFIELD] is absent on official business as a member of the Indian Affairs Committee.

The Senator from Vermont [Mr. AUSTIN] and the Senator from New Jersey [Mr. BARBOUR] are necessarily absent.

The Senator from Ohio [Mr. BURTON] is absent as a member of the special committee of the Senate attending a meeting of the Canada branch of the Empire Parliamentary Association at Ottawa, Canada.

The result was announced—yeas 56, nays 25, as follows:

YEAS—56

Aiken	Hatch	Revercomb
Andrews	Hawkes	Reynolds
Bankhead	Hayden	Robertson
Bilbo	Hill	Russell
Brewster	Holman	Smith
Bridges	Lodge	Stewart
Brooks	McClellan	Taft
Buck	McKellar	Thomas, Idaho
Butler	McNary	Thomas, Okla.
Byrd	Maloney	Tobey
Capper	Maybank	Tydings
Caraway	Millikin	Vandenberg
Chavez	Moore	Van Nuys
Connally	O'Daniel	Wherry
Eastland	O'Mahoney	White
Ferguson	Overton	Wiley
George	Pepper	Willis
Gerry	Radcliffe	Wilson
Gurney	Reed	

NAYS—25

Ball	La Follette	Shipstead
Bone	Langer	Thomas, Utah
Clark, Mo.	McCarran	Truman
Davis	McFarland	Tunnell
Downey	Mead	Wagner
Green	Murdock	Walsh
Guffey	Murray	Wheeler
Johnson, Colo.	Nye	
Kilgore	Scrugham	

NOT VOTING—15

Austin	Bushfield	Gillette
Bailey	Chandler	Glass
Barbour	Clark, Idaho	Johnson, Calif.
Barkley	Danaher	Lucas
Burton	Ellender	Wallgren

The VICE PRESIDENT. On this question, more than two-thirds of the Senators present having voted in the affirmative, the bill, on reconsideration, is passed, the objections of the President of the United States to the contrary notwithstanding.

CONTINUATION OF COMMODITY CREDIT CORPORATION

The Senate resumed the consideration of the bill (S. 1108) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and to provide for an audit by the General Accounting Office of the financial transactions of the Corporation, and for other purposes.

The VICE PRESIDENT. The Senator from Wyoming [Mr. O'MAHONEY] has the floor.

Mr. MALONEY. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. MALONEY. Day before yesterday and earlier today I advised the Senate that I had requested the Office of Price Administration to furnish me and, through me, the Senate a statement of the standards which that agency had planned to use in carrying into effect the so-called subsidy program. There has just been delivered to me a letter, addressed to me, from Price Administrator Prentiss Brown which sets forth the standards to which I have referred. I think the letter is of great importance, and I ask unanimous consent that it be printed at this point in the body of the RECORD as a part of my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

OFFICE OF PRICE ADMINISTRATION,
Washington, D. C., June 25, 1943.

HON. FRANCIS MALONEY,
United States Senate,
Washington, D. C.

DEAR FRANK: I should like to outline to you my ideas as to the policies that should govern the use of subsidies in carrying out the general economic stabilization program. I have attempted to relate them not only to the requirements of the price stabilization program, but to our entire wartime economic policy. At the same time, the standards laid down are designed to safeguard the subsidy program from abuse.

I. THE ROLE OF SUBSIDIES IN THE WARTIME ECONOMIC PROGRAM

A. The function of subsidies

It is an essential part of our wartime policy both to stabilize prices and to obtain necessary production and distribution of commodities essential to the war and to the civilian population. In some cases the returns that are required in order to obtain necessary production and distribution are higher than can be obtained solely in the form of prices that are consistent with the price stabilization program. The purpose of the subsidy program is to provide a means of supplementing these prices so that necessary production and distribution can be obtained while, at the same time, the program of stabilizing prices and preventing the development of an inflationary spiral is carried out.

The need for supplementing these returns arises in cases where the cost of producing marginal output exceeds the ceiling price, and it also arises in cases where costs will increase or where price ceilings must be reduced.

Certain costs will increase, regardless of our ability to stabilize raw material prices and wage rates, because of such factors as the need for substituting new raw materials for those customarily used, the utilization of less efficient facilities and less efficient labor, increases in the prices charged by foreign suppliers, and increases of transportation costs resulting from the hazards of ocean shipping, rerouting of traffic, congestion, or other factors resulting from inevitable wartime dislocations. Beyond these cost increases are those which must result from commitments the Government has made with respect to parity in the area of agricultural prices and the elimination of substandards and gross inequities in the area of wages.

In addition to these cost increases, the Government has made a commitment to stabilize the cost of living as of September 15, 1942. Although the Little Steel Formula

for wage stabilization has been accepted on the basis of this commitment, the Government has not yet made good on it; the cost of living has risen by more than 6 percent and the cost of food by more than 12 percent above the level at which Congress ordered prices to be stabilized. The execution of this mandate therefore requires price reductions and vigorous action to prevent increases. These reductions, like cost increases, will have the effect of diminishing the returns earned by producers or distributors unless they are offset in some way.

In general, earnings are sufficiently generous to permit absorption of these cost increases or price reductions without the use of subsidies, so far as entire industries are concerned. Profits before taxes for all corporations amounted to almost \$20,000,000,000 in 1942 as compared to about \$14,500,000,000 in 1941 and an annual average of only \$4,500,000,000 in the years 1936-39. Net income of proprietors in nonagricultural fields amounted to \$10,400,000,000 in 1942, as compared to \$9,300,000,000 in 1941 and only \$6,600,000,000, on the average, during 1936-39. Similarly, the net income of farm operators was \$10,200,000,000 in 1942, contrasted with \$6,700,000,000 in 1941 and an average of only \$4,700,000,000 a year during 1936-39. Thus in all these fields there is considerable ability to absorb cost increases or price reductions without the use of subsidies.

There will be cases, however, in which earnings will have to be supplemented if necessary production and distribution are to be obtained. This will be true of the marginal output of many commodities both with respect to the output of high-cost firms and the high-cost portion of the output of firms which are making a profit on most of their production. It may also be true where returns on a particular commodity are insufficient, even though the earnings of the industry from other operations are favorable.

Even in these cases it may be possible to offset higher costs or reduced prices by other means. There will nevertheless remain a number of cases in which returns must be supplemented by the Government. In these cases the use of subsidies is essential to the execution of the Government's wartime program.

B. Relation of subsidies to other elements of the price stabilization program

While it is clear that subsidies have an important role to play in the price stabilization program, it is equally clear that they are a supplement to, and not a substitute for other parts of the program. These other controls must be tightened if the program is to be carried out.

First, controls exercised over demand and supply factors by other parts of the Government must be pushed more vigorously. This means more taxation and saving. It also means more effective control of manpower, production and allocation of supplies, so that labor, materials and productive facilities are used where they are needed. Those in charge of production usually take it for granted all too readily that higher prices will solve their problems. Now that the use of price is ruled out by the "hold the line" order, the danger exists that they will want to use subsidies in the same indiscriminate manner. It must be realized that main reliance in the guidance of production must be placed on direct action with respect to production, allocation, and manpower.

Second, where prices are controlled only at some stages of processing or distribution, measures should be taken to see that they are controlled at all stages. Although a rise in prices at the uncontrolled stages could be offset by subsidies, failure to control these prices might make it difficult to limit the amount of subsidy required.

Third, better enforcement of price ceilings is required. This means simpler ceilings and more vigorous policing, which in turn means cooperation from other Government agencies and adequate funds for an enforcement staff. If existing ceilings are not made effective, no purpose is served by using a subsidy to hold them down or reduce them. To do so would be to put Government money in the pockets of violators.

II. CONDITIONS UNDER WHICH SUBSIDIES ARE NOT TO BE GRANTED

In the light of the purpose of subsidies, it is possible to lay down credit conditions which must be met before their use in particular cases is justified. These conditions are designed to insure that subsidies are not used where the objectives can be accomplished by more desirable means and, further, to insure that when subsidies are used their purpose will in fact be accomplished.

A. Subsidies should not be granted in connection with commodities that are not important to war production or to the cost of living

This requirement hardly needs explanation. A rise in the price of commodities that are unimportant either to war production or to the cost of living will not bring about the break-down of the price-stabilizing program.

B. The subsidy must be required to obtain necessary production and distribution at prices consistent with the stabilization program

1. This implies that all feasible steps to reduce costs shall have been taken before a subsidy program is put into operation. To the extent that such steps have not been taken, a subsidy cannot be regarded as necessary. Where action to reduce cost has been initiated but not completed, it may be desirable to make it clear that the subsidy is temporary, pending the completion of cost reductions, and that its subsequent reduction or elimination is contemplated.

Among the steps that may be taken to effect such cost reductions are elimination of wastes and extravagances, ordinary economies of management, standardization of products, and simplification of products and services. These measures are necessary not only to reduce the money costs of doing business, but also to obtain maximum use of resources for war. If subsidies permitted the continuance of wasteful and inefficient production, whether in the war or civilian sphere, they would impede the war effort. It cannot be emphasized too strongly, however, that the Office of Price Administration has only limited power to promote cost-reduction programs. The fulfillment of this condition requires that other Government agencies put into effect positive programs, and that these programs be coordinated to achieve the purpose. This, in turn, requires full backing from the Office of War Mobilization.

2. The requirement that the subsidy must be necessary precludes the use of industry-wide subsidies to compensate for cost increases or price reductions when firms producing 75 percent of the output are covering direct costs of production by a sufficient margin and, in addition, are earning over-all profits sufficient to permit absorbing the cost increases or price reductions without subsidies. This means, for one thing, that an industry-wide subsidy should not be paid if, without it, a price increase would not be granted under the standards prescribed by the applicable statutes and Executive orders. It also means that an industry-wide subsidy should not be paid in connection with a price reduction if the price reduction can be effected without it under the standards prescribed by the applicable statutes and Executive orders. Where a subsidy is used in connection with a price reduction, it should leave the revenues of an industry no lower than

they would have been if the price reduction had been limited to the amount permissible without subsidy.

In cases where a subsidy may not be paid to an industry as a whole under these criteria, a subsidy may nevertheless be necessary for the marginal output which is needed to obtain essential supplies. In such cases, subsidies should be paid only on specified portions of the output, and only on condition that such output has actually been produced.

3. A third corollary is that the possibility of price adjustments at earlier or later stages of production or distribution must be explored before subsidies are used. When a cost increase cannot be absorbed at the stage where it occurs, it may be possible either to lower prices at earlier stages without reducing returns below minimum levels or to raise prices at the current or later stages without raising prices to the ultimate consumer.

4. Before a subsidy is used, the possibilities of Government purchase and sale and of differential price ceilings to private buyers should be explored. By purchasing at prices adjusted to the needs of different producers and selling at a uniform price, corresponding roughly to the average of prices it paid, the Government can sometimes permit producers who need a higher price to get it without significantly raising the general level of prices for the product. By using differential price ceilings on sales to private buyers, also, a price increase may sometimes be permitted who need a higher price to get it without having significant price-raising effects.

5. Where direct costs of producing or distributing one commodity exceed the price but over-all profits of an industry are high, it may be possible to avoid the use of subsidies by raising the price of the one commodity and reducing prices on one or more of its other products, thus preserving general price stability while permitting direct costs to be covered.

6. Necessary production of commodities is sometimes impeded by the competition of less essential commodities for land, labor, or supplies. In such cases production of the more essential commodity can sometimes be increased by reducing the price of the less essential product, thereby discouraging its production and releasing the resources. This possibility should be explored before subsidies are used.

C. Subsidies should not be paid in connection with any commodity the retail price of which is not at the same time controlled

As I have pointed out above, if the price to the ultimate consumer cannot be effectively controlled, the subsidy is wasted so far as the consuming public is concerned. It should be noted, however, that subsidies themselves can, in some cases, be used to make ceilings more effective and to simplify them. For example, they may make it possible to compensate for differences of cost between different sellers and thereby to shift retail ceilings from a mark-up basis to a uniform dollar and cents basis, or to maintain such uniform dollar and cents ceilings where they already exist. Since the latter ceilings are by far the most effective, this is one of the best uses to which a subsidy can be put. In view of the possibility of securing greater effectiveness of ceilings through use of the subsidy device itself, the condition that the retail price must be effectively controlled should not be interpreted to mean that effective control must exist prior to the initiation of a subsidy program, but merely that it must exist during the operation of a subsidy program.

It is also desirable that prices in earlier stages of production and distribution be effectively controlled, either by ceilings or by other means. Since such control is not always feasible, however, and since lack of it will not necessarily make subsidy programs undesirable, this condition should be regarded as desirable, but not absolutely necessary.

D. Subsidies should not be used unless there is a direct net saving from their use

Subsidies should not be used in any case where the cost of the subsidy, including administrative costs, exceeds the price increase avoided or the price reduction effected by the use of the subsidy. Where a subsidy applied to one of several commodities will have the same effect on the cost of living it should be applied to the commodity where the direct saving per dollar of subsidy cost is greatest. Although the direct savings are less important than the indirect benefits of avoiding subsequent price and wage increases, the absence of any direct saving makes the benefit from use of a subsidy more difficult to measure. There are so many cases in which a subsidy can achieve measurable gains that a program so confined can still accomplish its purpose.

E. Subsidies should not be used where the cost of administering them would exceed one-quarter of 1 percent of the price increase avoided or the price reduction affected

This limitation should be imposed to reassure those who are concerned lest the cost of administering the program be enormous. This limitation has been expressed in terms of the amount of saving rather than the amount of the subsidy because the latter appears to be a less logical basis for determining whether the subsidy is worth its cost. In most cases the cost of administration would be increased by efforts to limit rigorously the amounts paid, thus raising from both sides the ratio of administrative cost to amount of payment. Such efforts should not be discouraged.

F. Subsidies should in general not be granted in compensation for such increases of unit overhead costs as reflect merely curtailment in the volume of operations

The preservation of firms whose output has been curtailed is an important problem, both from a social and economic point of view. But it is a problem distinct from that of maintaining price stability while obtaining necessary production, and it should be dealt with apart from a subsidy program designed to maintain wartime economic stabilization. Where direct costs are being covered, production and distribution will ordinarily continue over the short run, even though all accounting costs may not be covered. In general, no subsidy under this program is required in such cases.

There are, of course, exceptions to this generalization. For example, owners of small firms may shift into other, more profitable occupations. If their trade can be turned over to other firms, such transfers will make for the best wartime use of resources. On the other hand, where failure to grant a subsidy will impede the production or distribution of an important commodity, an exception may be made to this rule.

It should be understood, of course, that the rule itself does not preclude the use of a subsidy in connection with a commodity solely because its output may have been curtailed, but merely precludes subsidization of that part of the cost increase that results from the curtailment. Cost increases due to other causes may be subsidized.

G. The aggregate amount of subsidies that do not involve direct saving on Government purchases should be limited to \$2,000,000,000 for the fiscal year 1944

I think it highly desirable that we announce such a limitation on the program we contemplate in order to make it clear that the proposed program does not open the way to potentially unlimited subsidy expenditures. In addition, such a limitation would be of great assistance to us in resisting pressures to extend subsidies where their use is not warranted.

This restriction should obviously not apply, however, to subsidies that will involve direct net savings to the Government as a buyer.

III. CHOICE OF METHOD FOR SUBSIDIZATION

A. Technique

While subsidization is usually thought of as involving direct payments by the Treasury, this is only one of several methods by which subsidies may be paid. In addition to direct payments, the Government may purchase the entire output of a commodity at a price that gives the desired return to the industry and sell back at lower prices, either to the same firms from which it bought or to firms at the next stage of production or distribution. The trading loss, equal to the excess of purchase price over sale price, is a subsidy. This method is used by the Commodity Credit Corporation. A third method, really only a variation of the second, is for the Government to purchase only a part instead of all of the output and sell it at a loss. This procedure is used in the case of the premium-price plan for nonferrous metals. The Metals Reserve Co. buys the high-cost portion of copper, lead, and zinc production at prices higher than the ceiling and sells it at the ceiling price. A fourth method is the provision of a service at a loss. This technique is used by the War Shipping Administration when it provides war-risk insurance and other services at premiums which aggregate less than the total claims paid.

The technique to be used in any particular case should depend upon the nature of the commodity, its market structure, and other aspects of the organization of the industry. It is neither possible nor desirable to lay down any rigid rules as to the best procedure, since the choice will depend upon a variety of factors that cannot always be foreseen.

Some important considerations may be mentioned, however. Purchase and sale by the Government permits the supply and its allocation to be effectively controlled. Where the geographical distribution of the supply or its distribution between uses, including stockpiles, needs to be better controlled, this is an important advantage of the purchase and sale technique. The method of purchase and sale, moreover, by substituting a single buyer, the Government, for a large number of private buyers, permits the price at the stage of subsidization to be controlled. It may be desirable to have control take this form. For example, in the case of certain imports, supplies are controlled by foreign monopolies. A rise in the import price cannot be effectively resisted by many private importers who are competing with each other, but it can be resisted by a Government agency which does all the importing. On the other hand, where such considerations are absent, the method of purchase and sale should not be used.

At present, the choice of technique is greatly influenced by restrictions on the powers of the various Government agencies. The Commodity Credit Corporation, for example, has taken the position that it is powerless to make direct grants, but can only buy and sell. While the substantive difference between these two procedures is sometimes virtually nil, it seems to me that the law should permit the administrators of the program to use whichever technique is appropriate, rather than force them to make the choice on the basis of restrictions imposed before the program was contemplated.

B. Stage at which subsidy should be paid

1. In addition to choosing the technique to be used, the Government must also decide at what stage of production or distribution the subsidy is to be paid. In this connection it should be understood that a subsidy need not be paid at the stage where a cost increase originally occurs. It should be paid

at the level where it can be most efficiently administered, having regard both to the cost and the effectiveness of administration.

2. An additional consideration is the amount of direct saving that can be obtained for a given subsidy expenditure. Insofar as price ceilings are determined upon the basis of percentage margins, this saving will be greater the earlier the stage at which the subsidy is paid.

I have no doubt whatever that a subsidy program of the type outlined above is essential to the stabilization program. I am convinced that the standards set forth in this letter provide adequate safeguards against unwise use of the program.

Sincerely yours,

PRENTISS M. BROWN.
Administrator.

Mr. BONE. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I shall be glad to yield if the Senator from Connecticut has concluded.

Mr. MALONEY. I have concluded. I thank the Senator from Wyoming.

Mr. O'MAHONEY. Then I yield to the Senator from Washington.

Mr. BONE. Mr. President, let me take a moment to submit for the RECORD a table and a letter. The table was supplied by Mr. C. M. Elkinton, price executive of the Office of Price Administration. It is a list of wartime subsidies and appears on page 54 of the committee report on the pending bill. I ask that it be printed in the body of the RECORD at this point, as a part of my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Wartime subsidies

[Taken from Business Week, May 22, 1943]

Commodity	Type of subsidy	Supervisory agency	Estimated annual rate of subsidy
Various imports.....	Absorption of certain payments on war-risk insurance.	War Shipping Administration.	\$63,000,000
Sugar.....	Payments to refiners to cover increased transportation costs and losses resulting from reduction in weight through transshipment.	Defense Supplies Corporation.	30,000,000
Soybean, cottonseed, and peanut oils.	Payment to refiners (1½ cent per pound) to absorb rising prices at the far level.	Commodity Credit Corporation.	17,000,000
Copper, lead, and zinc.	Incentive payments to create production in marginal mines (production beyond established quotas carries a premium of 5 cents per pound for copper and 2¼ cents for lead and zinc).	Metals Reserve Company...	25,100,000
Henequin.....	Absorption of higher costs in transportation, insurance, etc.	Defense Supplies Corporation.	5,900,000
Petroleum and petroleum products.	Payments for increased transportation costs, rail hauls, insurance, etc.	do.....	268,000,000
Imported metals.....	Absorption of (1) higher shipping costs and (2) increase in foreign sellers' prices.	War Shipping Administration.	150,000,000
Copper scrap.....	Absorption of costs in connection with conversion of excess manufacturers inventories into electrolytic copper.	Metals Reserve Company..	30,000,000
Nicotine sulfate.....	Payments to manufacturers to compensate for rises in price at the farm level.	Copper Recovery Corporation.	(1)
Alcohol.....	Absorption by the Government of higher grain and molasses prices, freight charges, and war-risk insurance.	Agricultural Marketing Administration.	1,750,000
Bituminous coal.....	Double subsidy consisting of (1) absorption of additional costs on water-borne coal to New England, and (2) direct payments for rail transportation.	Commodity Credit Corporation and Defense Supplies Corporation.	(1)
Imported oil-bearing seeds.	To keep down pressure on Office of Price Administration ceilings, imported oil-bearing seeds are purchased by the Government and put into trade channels at a loss.	War Shipping Administration.	15,000,000
Coffee.....	Payments, direct or indirect, to cut transportation outlays and absorb higher insurance premiums.	Defense Supplies Corporation.	40,000,000
Chilean nitrate.....	Absorption by the Government of increases in foreign sellers' prices and of increased transportation and insurance costs.	Commodity Credit Corporation.	800,000
Cheddar.....	Payments to processors to enable them to purchase milk for additional cheese production.	do.....	7,000,000
Canning crops.....	Payments to processors to get bigger supplies of tomatoes, peas, sweet corn, and snap beans from farmers.	War Shipping Administration.	14,000,000
		Defense Supplies Corporation.	6,000,000
		Commodity Credit Corporation.	30,000,000
		do.....	10,000,000

¹ No estimate.

Mr. BONE. Mr. President, I also have a statement from Mr. Jesse Jones to the Senator from Alabama [Mr. BANKHEAD], setting out a list of the items on which subsidies are now being paid by the Government. The statement appears at pages 13 and 14 of the committee report. I ask unanimous consent that the statement be printed at this point in the RECORD, as a part of my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Section 2 (e) of the Price Control Act authorizes the Reconstruction Finance Corporation to buy and sell, or to subsidize, those materials which are designated by the President as critical and strategic.

Subsidies in one form or another have been

a matter of administration policy since 1940, first in the defense program and later in the war effort.

Due to submarine warfare Defense Supplies Corporation is paying excess transportation charges, and in some instances excess cost, on petroleum products. The estimated net cost of this operation for 1943 is from ninety-five to one hundred million dollars, probably from forty to fifty million dollars for 1944.

For the same reason the Corporation is paying excess transportation costs on coal to New York and New England. The estimated cost of this program for the year is \$25,000,000.

Defense Supplies Corporation paid transportation costs in distributing sugar throughout the country up to December 16, 1942. This included sugar from Cuba and the cost of moving beet sugar from the West to the New England area. Since then Commodity Credit Corporation has handled sugar.

Disbursements have been approximately \$23,000,000.

All Chilean nitrate of soda imported from July 1, 1942, to June 1, 1943, is for the account of Defense Supplies Corporation. Sale of this nitrate of soda within the Office of Price Administration price ceilings will result in an estimated loss of \$7,000,000, of which about one-half is due to transportation costs.

Because of the critical shortage of fibers for rope and binder twine which was brought about principally because of the loss of the Philippines and the Dutch East Indies, Defense Supplies Corporation is purchasing fibers in Mexico, the West Indies, and East Africa. This fiber is landed in the United States wherever possible and the high costs of the fiber and the high rail transportation costs to destination will result in an estimated loss of approximately \$5,000,000 for 1943.

The purchase and resale of idle tires will result in a loss to Defense Supplies Corporation estimated at \$20,000,000.

Formerly this country obtained its supply of jewel bearings almost entirely from Switzerland. In order to induce American manufacturers to produce them, Defense Supplies Corporation has agreed to purchase the output of American manufacturers at a price which entails a very substantial loss. It is estimated this loss will approximate \$7,500,000 a year.

In order to obtain the necessary production of aluminum rivets which are used principally in airplane manufacture, it was necessary to have them produced by high-cost manufacturers who were not normally in the business. Defense Supplies Corporation has agreed to subsidize the production of these rivets, at an estimated loss of \$5,000,000 for a year.

This applies also to aluminum rod and bars, on which the estimated loss is \$1,000,000.

Defense Supplies Corporation has agreed to pay the excess cost of purchasing petroleum coke at inland locations, transporting it to the west coast and processing it into calcined coke. This is done to avoid interference with the maximum production of 100-octane gasoline and Navy fuel oil on the west coast. The estimated loss is \$2,500,000.

Metals Reserve Company has been paying premiums on certain excess domestic production of copper, lead, and zinc since February 1, 1942. At the present rate of premiums and production this will cost approximately \$53,000,000 a year, but due to efforts to further stimulate production, this cost may be increased to as much as \$80,000,000 annually by the end of 1943.

Metals Reserve Company is purchasing and selling idle and excess inventories of raw materials and partly and fully fabricated materials frozen in the hands of the holders; it is also purchasing scrap metals where the cost, including preparation, handling, refining, freight, etc., will entail substantial losses. It is estimated that in 1943 these losses will aggregate \$27,000,000.

Metals Reserve Company is encouraging the production of various and sundry metals in this country through buying them at a high price and selling them at ceiling prices.

In addition to copper, lead, and zinc, these include arsenic, beryllium, cadmium, chrome, cobalt, fluorspar, graphite, iron ore, kyanite, magnesium, manganese, mercury, mica, molybdenum, rutile, spodumene, talc, tantalum, tin, tungsten, and vanadium. The loss on these items probably will be about \$25,000,000.

These materials come from one or more of the following States: Pennsylvania, Utah, Texas, Arkansas, Alaska, California, Idaho, North Carolina, Oregon, Washington, Montana, Vermont, Michigan, Arizona, Missouri, Alabama, New Jersey, Colorado, Georgia, Nevada, New Mexico, Oklahoma, South Dakota, Tennessee, Virginia, West Virginia, Wyoming, and New York.

Metals Reserve Company is paying abnormal transportation costs and losses on the purchase of various metals and minerals from Latin America and elsewhere abroad. The estimated loss on these for 1943 is about \$25,000,000.

In the manufacture of synthetic rubber, the purchase of natural rubber from foreign countries, the purchase of scrap rubber for reclaim purposes, and the development of new sources of rubber, the cost is problematical. These activities are carried on by Rubber Reserve Company and Rubber Development Company.

In the case of meat and butter, the Price Administrator announced a reduction of approximately 10 percent to the consumer on these items. Obviously if this reduction were rolled back to the cattle and hog raiser and the price of cattle and hogs were reduced accordingly, the supply of meat would be retarded at a time when the maximum supply is most needed.

For this reason the Director of Economic Stabilization directed that I arrange with an agency of the Reconstruction Finance Corporation to pay subsidies on meat and butter to assure maximum production. The President approved the payment of these subsidies up to \$450,000,000.

The Reconstruction Finance Corporation subsidiaries act as service agencies in the war program. When the President, the War Production Board, the War Department, the Navy Department, the Maritime Commission, the Petroleum Administration for War, the Board of Economic Warfare, the Rubber Director, and the Director of Economic Stabilization establishes the need for plant facilities, materials, services, or supplies for which no other provision is made, the Reconstruction Finance Corporation, through one of the above-named subsidiaries, when requested to do so by the appropriate war agency, and with my approval, undertakes to provide them. In this way it serves those responsible for war production and war policies. Neither the Reconstruction Finance Corporation nor I make policies.

Mr. SMITH. Mr. President, I rise to a question of personal privilege. I desire to apologize to the Senator from Vermont [Mr. Aiken] for the facetious way in which I referred to his amendment to the pending bill. I did not mean to leave the impression that I was opposed to his amendment. I think his amendment would be a vast improvement over what we now have or over the pending measure. In my opinion, the Senator is one of the best Americans in this body, and I desire to take this opportunity to apologize to him for the manner in which I referred to his amendment. I did not know the Senator was present. I wanted to say some complimentary things while he was here because I was afraid he might read them and think I had not meant them. Mr. President, of all the Members of the Senate, the Senator from Vermont is the last one I would choose to offend.

Mr. O'MAHONEY. Mr. President, before the message from the President was received, I had sent to the desk a suggested amendment in which I had attempted to meet the various principles set forth by me with respect to the proper solution of our problem of agricultural production. I should like now to take a few moments more to analyze that suggestion.

WOULD TRANSFER POWER TO FOOD ADMINISTRATOR

The proposal which I have sent to the desk and which I had read undertakes

to meet the problem by transferring from the Office of Price Administration to the Office of the War Food Administrator all powers with respect to the payment of subsidies for food products. The object of that, as I stated, is perfectly simple. The power to pay subsidies to increase agricultural production should be vested in an official who understands agricultural production and who is charged with the duty of maintaining it, rather than in the hands of an official whose duty is to keep prices down, and who, strive as he may, will naturally tend to keep them down, even at the expense of securing necessary production.

Mr. VANDENBERG. Mr. President, before the Senator leaves that point, will he yield to me so that I may ask him a question?

Mr. O'MAHONEY. Certainly; I yield.

Mr. VANDENBERG. Is it not logical to carry the Senator's theory still further, and to concentrate the total food control in the Food Administration?

Mr. O'MAHONEY. Mr. President, it might be very logical, but I do not think it is practical. I have endeavored to draft phraseology which would preserve the objective of the Executive with respect to the war against inflation, and at the same time preserve the objective of everyone which is to be certain that the necessary agricultural production is assured. I think nothing would be gained by adopting a provision which would meet a veto. I am endeavoring to work out, if I can, a constructive solution for a problem which everyone recognizes to be of great seriousness.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. TAFT. What puzzles me is that the Senator emphasizes the fact that Mr. Davis, rather than Mr. Brown, should have this power; but what assurance have we that Mr. Davis will be War Food Administrator by the time the bill is passed? There are rumors that he already is dissatisfied because he is not given full power, and is about to resign. How do we know that Mr. Brown may not be War Food Administrator by the time the bill is passed?

Mr. O'MAHONEY. The Senator is quite correct. We do not know who will be War Food Administrator. I hope that Mr. Davis will remain in the position to which he was called. Like all other Members of the Senate with whom I have talked, I have the highest confidence in him; but if he goes out of office for any reason, I feel confident that there will be appointed in his place a War Food Administrator who understands agriculture. In the light of the discussion which is taking place, or the statements which I am making, I am confident that a War Food Administrator would not be selected from the Office of Price Administration. That would be a defeat of the clear purpose of my proposal.

I was about to say that my amendment has another advantage, in that it reaches the problem with which we are concerned without touching the other problems respecting production of war minerals. It does not deal with strategic

or critical materials. It does not deprive the R. F. C. of any power over minerals. It deals solely with food.

Mr. President, I am addressing myself to the Chair as well as to Members of the Senate.

The VICE PRESIDENT. The Chair is very glad to be addressed.

Mr. O'MAHONEY. I recognize the Vice President as an eminent expert in agriculture; and I am quite sure that his influence, if exerted on this problem, would be most beneficial to agriculture.

My amendment would avoid all the difficulties which have arisen in connection with each of the amendments which has been proposed, because it would eliminate all questions of copper, oil, lead, zinc, or any of the other metals for which bonuses and subsidies are being paid.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. TAFT. There is one other difficulty which I have with the Senator's amendment. It is my impression that if Mr. Brown, the Price Administrator, and Mr. Jones were asked their real opinions, they would not be in favor of the roll-back-subsidy program; but they were committed to it by the President of the United States, when he answered John L. Lewis and announced that he was going to roll back prices. I cannot see what assurance the Senator can give us that the War Food Administrator would not accept the direction of the President of the United States on that question, just as the Price Administrator and the Secretary of Commerce have done.

Mr. O'MAHONEY. If the Senator will bear with me, and read the wording of the amendment, I think he will find that at least an attempt has been made to meet that precise problem.

The War Food Administrator being made the administrator of food subsidies, the next step is to determine what foods shall be produced. So the amendment provides that he shall administer these powers in such manner as to obtain the maximum necessary production of food in the quantities specified by the President, to assure (1) an adequate supply of food for the armed forces; (2) an adequate supply for essential civilian needs; (3) an adequate supply for carrying out the policy of lend-lease; (4) an adequate supply for war-relief purposes.

That places upon the President the responsibility of determining the amount of food necessary. I assume that he would act through the War Food Administrator; and I assume that without any question the estimated quantities would be such as would be designed to carry out the already announced policy of the President with respect to those various matters. We cannot think of carrying out the President's policy of war relief, to which he has assigned Governor Lehman, unless he is willing to see that the necessary quantity of food is produced. We cannot think that he would fail to do everything possible to produce the necessary quantity to enable him to carry out the lease-lend policy, which is his policy. We cannot believe that he would hesitate to encourage the production of whatever

food may be necessary to meet essential civilian needs. Above all, there can be no doubt that his purpose would be to see that there was food enough for the armed forces.

Then there is the proviso that—

No subsidy payment shall be made unless the average price received by producers in the market place for such commodities meets the requirements of section 3 of the act approved October 2, 1942, (Public Law 729, 77th Cong.).

In that act, Mr. President, the Congress came to an agreement with the President as to the returns which the producers of agricultural commodities should receive. This provision is so drafted that it would be possible to have the normal operation of the market support the prices which the producers ought to have.

The next proviso is in the nature of a limitation:

Provided further, That the amount of such subsidy payments shall not exceed in the aggregate the amount recommended by the Director of the Bureau of the Budget and approved by the Congress.

The purpose of that provision was clearly to provide an avenue for the President to make his estimates and have them submitted to Congress and approved by the Congress. This would put an end to the by-passing of the legislative branch of the Government. The Senator from Utah [Mr. MURDOCK] has suggested that the reference to the Director of the Bureau of the Budget might result in giving the Director a power which he does not now have over Congress. Recognizing the validity of that criticism, I am willing to change it from the Director of the Bureau of the Budget to the President; and if I offer the amendment I shall make that change.

Finally, there is the concluding provision:

Provided further, That nothing herein shall be construed to prevent the payment by the Reconstruction Finance Corporation or any other Government agency of subsidies which have accrued prior to the date of the enactment of this act.

The purpose of that provision is to recognize the good faith of the Office of Price Administration in the action it has already taken, and to guarantee the payment of subsidies which the O. P. A. and the R. F. C. have pledged. We should not repudiate their action, but we ought to bring it to an end.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. TYDINGS. Has Congress authorized the R. F. C. and the O. P. A. to enter into contracts embodying the principle of the subsidy for food?

Mr. O'MAHONEY. Yes.

Mr. TYDINGS. What provision of the law does the Senator use in support of his affirmative answer?

Mr. O'MAHONEY. Section 2 (e) of the Emergency Price Control Act of 1942.

Mr. TYDINGS. Would the Senator mind reading it, if it is not too long?

Mr. O'MAHONEY. Not at all.

Mr. TYDINGS. If he will do so, I shall be able to follow his argument a little more closely.

Mr. O'MAHONEY. Section 2 (e) reads as follows:

Whenever the Administrator determines that the maximum necessary production of any commodity is not being obtained or may not be obtained during the ensuing year, he may, on behalf of the United States, without regard to the provisions of law requiring competitive bidding, buy or sell at public or private sale, or store or use, such commodity in such quantities and in such manner and upon such terms and conditions as he determines to be necessary to obtain the maximum necessary production thereof—

And so forth. Under my amendment I transfer that power to the War Food Administrator.

Mr. TYDINGS. I am not interested in who exerts it, but I wish to follow the Senator's reasoning. As I listened to the reading of his amendment I gained the impression—perhaps not accurately—that the Senator's amendment applies to food subsidies only to the extent of commitments already made. Am I in error in that impression?

Mr. O'MAHONEY. Yes; the Senator is in error about that. The amendment looks to the future.

Mr. TYDINGS. It would put Congress in more direct alinement with the subsidy principle than does the present law.

Mr. O'MAHONEY. Absolutely. It would preserve the supervisory authority of the Congress, as it should be preserved.

The Senator will recall that last year the Committee on Banking and Currency reported a bill authorizing the R. F. C. to borrow \$5,000,000,000 for subsidy purposes. The bill was rejected by the Senate and sent back to the committee because it provided for no congressional guide. The congressional guide is provided for in this amendment.

Mr. TYDINGS. Mr. President, will the Senator further yield?

Mr. O'MAHONEY. I yield.

Mr. TYDINGS. I have been absent from the chamber much of the time during the past 3 or 4 days. I have been attending meetings of the Committee on Appropriations, both morning and afternoon, and I have missed a great deal of the debate. I do not wish to go back over a matter which has been covered, but would it put the Senator to great inconvenience if he should enumerate the dates, the character of the commodities, and the amounts of subsidies which have already been authorized under the provision which the Senator has just read?

Mr. O'MAHONEY. The subsidies authorized were not under that provision. They were under another provision which follows immediately to the one which I just read. That is the provision which was written in by Congress for the purpose of enabling the R. F. C. to pay subsidies to producers of strategic and critical materials. The only reason that provision has been utilized for food is the declaration by the President that coffee, meat, and butter are strategic and critical materials.

Mr. TYDINGS. Will the Senator further yield?

Mr. O'MAHONEY. I yield.

Mr. TYDINGS. Will the Senator give me the date and the amounts of subsidies promised by the agency authorized

to make subsidy payments so that I may ascertain in more detail what the situation is at the present time? The Senator has made some study of the subject and is familiar with it.

Mr. O'MAHONEY. I am sorry that I cannot give the Senator all the figures for which he has asked. I do not have the totals in mind. They appear in the RECORD, however. About the 1st or 2d of June the program with respect to butter, meat, and coffee was announced. With respect to meat, the measure of the subsidy was 2 cents a pound to the packers, on the carcass. Of course, the aggregate amount would depend on the number of pounds sold.

Mr. TYDINGS. I do not wish to divert the Senator from his argument. If I am doing so, he can so indicate, and I will desist.

Mr. O'MAHONEY. No; the Senator is not diverting me. I made the principal part of my argument while the Senator was in attendance at the Committee on Appropriations.

Mr. TYDINGS. May I ask the Senator further if the three subsidies for food to which he made reference are of recent origin? Did the Administrator put them into effect the 1st of June this year?

Mr. O'MAHONEY. It was about that time.

Mr. TYDINGS. According to the announcement of the subsidy authority, how long were the subsidies to run? They were to start in June. Was there a time limit?

Mr. O'MAHONEY. So far as I know, there was no time limit. That is the policy which was announced.

Mr. TYDINGS. The Senator can see what I am leading to. If a Senator should desire to vote against the principle of subsidy without repudiating contracts which the Congress has authorized the subsidy authority to make, he would have to know what the commitments were in order to cast an intelligent vote on the question at issue.

Mr. O'MAHONEY. One of the principal points for which I was contending before the Senator entered the Chamber was that the principle of the payment of subsidies has been recognized by Congress over and over again.

Mr. TYDINGS. That is true.

Mr. O'MAHONEY. It has been recognized specifically and also in general terms in many instances.

Mr. TYDINGS. I know that to be true, particularly as to critical materials, in which category foods have now been included.

Mr. O'MAHONEY. So, in my judgment, the rejection now in toto of the subsidy principle would upset our entire economy, and it should not be done.

Mr. TYDINGS. I believe that a good case can be made for critical materials, but I am wondering if as good a case could be made for butter, meat, and coffee, assuming that no time limit were set upon the subsidy program as it relates to those three commodities.

Mr. O'MAHONEY. My purpose is to put an end to that program and, if it shall be necessary, to authorize the War Food Administrator to initiate a new program. However, I think it can be administered in such way as to reduce

the amount of subsidies. Everyone who has familiarized himself with the work of the Commodity Credit Corporation and the work of the Department of Agriculture knows that those two agencies have been most careful in the exercise of the subsidy program. I think no one challenges the ability, the efficiency, and the high-mindedness of the men who have been doing the work of the Commodity Credit Corporation. Our problem here is to find a way of having all the agencies work together.

Mr. President, with respect to the amendment offered by the distinguished Senator from Missouri [Mr. CLARK], I wish briefly to say that in my opinion it is open to the criticism that if adopted it would upset our whole economy. It was initiated, if I correctly understand the Senator, because he felt, as I did, that the food problem has been mishandled, and that the power of paying subsidies in this manner should be ended. But in seeking to accomplish that result, he offered an amendment which would end all other subsidies, and seriously cripple the war effort. Therefore, the amendment was amended on the floor of the Senate. However, I believe that the changes which have been made in it are not such as will cure the defect in the amendment.

In my opinion the amendment offered on behalf of the Committee on Banking and Currency is also defective because it would not stop the roll-back. It would not control the payment of subsidies. Moreover, it would amend the law which Congress enacted providing that subsidies should be paid to producers. For that reason, in my judgment it should not be adopted in its present form.

Mr. President, I have already sent to the desk a proposed amendment which has been read and which will appear in the RECORD. It would alter the amendment offered by the Senator from Alabama in the following respects: On page 2, line 7, it would strike out the word "is" and insert in lieu the words "and the Commodity Credit Corporation are"; so that subsection (a) would read:

The Reconstruction Finance Corporation and the Commodity Credit Corporation are authorized to borrow money and pay to shippers of commodities or others the increased costs of transportation resulting from the war emergency.

Subparagraph (b) is allowed to remain as it is. That is the paragraph which authorizes the R. F. C. to borrow money and pay subsidies relating to, or purchase for the purpose of selling at a loss, strategic and critical materials.

Then I propose to strike out all of subsections (c), (d), and (e), and to substitute new language. The reason I strike out (c) and (d) is that they were made interchangeable, and they do not prevent the roll-back. Subsection (c) authorizes the R. F. C. to borrow \$500,000,000 in order to obtain the maximum necessary production of or to purchase commodities to prevent price increases.

Subsection (d) authorizes the Commodity Credit Corporation to borrow not to exceed \$175,000,000 and to pay subsidies or purchase commodities, but sub-

section (e) then authorizes the transfer of these funds back and forth, so that the amendment, in these three paragraphs amounts to an authorization of \$675,000,000 to be used in the way which has already been criticized and which should be abandoned.

That is overcome by inserting in place of the three paragraphs which I have just analyzed this language:

(c) The Reconstruction Finance Corporation is authorized to borrow and use such sums as may be necessary to liquidate all subsidy payments which have accrued prior to July 1, 1943, under the terms of the so-called roll-back program.

That provision stops the roll-back, and it stops it at the end of this month, and in connection with the other language it provides an agricultural commodity program in the hands of the War Food Administrator.

Then the next paragraph reads:

(d) The Commodity Credit Corporation is authorized to borrow not to exceed \$175,000,000 and to use or allocate any part of said sum prior to July 1, 1944, to pay subsidies or purchase commodities for the purpose of selling them at a loss in order to obtain the necessary production of such commodities in cases where the average price received by producers of such commodities in the market place meets the requirements of section 3 of the Act of October 2, 1942 (Public Law 729, 77th Cong.). All commitments heretofore made by the Commodity Credit Corporation for such or similar purposes shall be fulfilled out of the sum authorized herein, and no further commitment herein authorized shall be entered into hereafter with any producer, processor or distributor that cannot be fulfilled out of said sum.

Subsection (e) of the committee amendment goes out, and subsection (f) of the amendment becomes subsection (e).

Mr. O'DANIEL. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield to the Senator from Texas.

Mr. O'DANIEL. As I understand the proposed amendment of the Senator from Wyoming under it if subsidies are paid they are to be paid for the purpose of increasing production and payment shall go to the producer.

Mr. O'MAHONEY. That is correct; the one who is to do the increasing.

Mr. O'DANIEL. In the present situation it is claimed by those in the cattle business that already there is a large surplus of cattle and no shortage, yet, through marketing quotas set up by O. P. A., a shortage is created in the meat market. Would the amendment of the Senator from Wyoming reach that situation?

Mr. O'MAHONEY. No; my amendment would not, and no amendment that is pending here would. The only way that defect can be corrected is to set aside the quota, and as to that I agree with the Senator, but it is not relevant to the debate here. That is another problem which ought to be met.

Mr. O'DANIEL. It is certainly related to the subject in some manner, because we are discussing the shortage of meat, whereas there is no shortage of cattle.

Mr. O'MAHONEY. There is no doubt about that; it is directly related to it; but the bill before us deals solely with the question of prices and subsidies for production. I agree with the Senator that the population of cattle is so great that if the quota restrictions were removed livestock would flow to the markets and the supply could be properly distributed; but that is another question, and the situation referred to by the Senator from Texas cannot be cured by this bill.

Mr. President, I am sorry to have taken so much time, but so many questions were asked me as I was proceeding that it was unavoidable; and of course I welcomed the questions.

I desire now to enter in the RECORD a letter which I received under date of June 7 from the Acting Administrator of O. P. A., in which he announced that the program which has been adopted by the O. P. A. with respect to meat was not intended to bring about a roll-back upon the producer. I insert this in the RECORD for the purpose of showing the good faith of O. P. A. I do not question their good faith, I do not question their intent. I say only that the program did not work as it was intended to work, and it has brought about a reduction of price such that the producers of meat animals cannot sell at the resulting figure and meet their costs, and therefore the roll-back should be discontinued.

The VICE PRESIDENT. Is there objection to the request of the Senator from Wyoming?

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

OFFICE OF PRICE ADMINISTRATION,
Washington, D. C., June 7, 1943.
The Honorable JOSEPH C. O'MAHONEY,
United States Senate.

DEAR SENATOR O'MAHONEY: A reduction of meat price ceilings at the retail and wholesale levels of approximately 10 percent was announced by this Office on June 5. This measure was taken as part of a program designed to meet the requirements of Executive Order No. 9328, known as the hold-the-line order, issued by President Roosevelt on April 8.

Meat was included in the price reduction program primarily because it constitutes the most important single item in our food budget, and because the ceiling prices on meat are spelled out in dollars and cents for each cut thus making an effective price reduction possible.

It is well known that a 10-percent reduction in meat prices would sharply reduce the amount of money reflected back to the livestock market with a corresponding decline in livestock prices. It was in full recognition of this fact that the decision was made to make subsidy payments equal to the reduction in meat prices. For example, the ceiling price on carcass beef will be reduced 2 cents a pound and the Government will pay the slaughterer 2 cents a pound on all beef slaughtered. The meat packer will thus receive the same amount of money for his meat as he did prior to the price reduction. In other words the packer will go into the livestock market with as much money as he did prior to this program and the producer will be protected from the retail and wholesale price reduction.

Provision has been made in the subsidy program for the protection of meat inventories. While the subsidy is effective for

meat slaughtered beginning June 7, the packer's ceiling prices will not be reduced until June 14 for fresh and frozen meat and June 28 for cured and processed meats. This staggering of dates for the price reductions will enable those who have inventories of meat to sell them at the higher prices which now prevail.

This carefully developed plan is designed to be an important part of the national economic stabilization program, and great care has been exercised to assure that no part of the meat industry will be adversely affected by its operation.

Sincerely yours,

GEORGE J. BURKE,
Acting Administrator.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Missouri [Mr. CLARK] as modified, as a perfecting amendment to the amendment of the committee.

Mr. McNARY obtained the floor.

Mr. TUNNELL. Mr. President—

Mr. McNARY. I yield to the Senator. I thought we were ready for a vote, and I was about to suggest the absence of a quorum.

Mr. TUNNELL. I have no objection to that. I wish to speak for a few minutes on the question before the Senate.

Mr. McNARY. I shall not insist, if the Senator desires to speak. I merely wanted a quorum, because I thought we were about to vote.

Mr. TUNNELL. Perhaps it would be better to wait until after I have spoken.

The VICE PRESIDENT. The Senator from Delaware is recognized.

Mr. TUNNELL. Mr. President, I have been much disturbed about the whole subject of subsidies. Since childhood I have been opposed to the principle of subsidies. Since I have been taking any interest in politics I have been talking against subsidies. I talked about the protective tariff when I believed that the tariff was used as a subsidy, for the purpose of building up immense and swollen fortunes for which no compensation was given. I remember opposing the idea of a payment of 2 cents a pound on sugar, as I recall the figure, a sugar bounty, which was a subsidy. I have always been opposed to the idea of giving something to a business which should be operated on a purely business basis.

I have been much interested in the statements which have been made by those representing the cattle interests in the West. I was interested in the statement of the junior Senator from Nebraska [Mr. WHERRY], in particular, when he said that the cattle growers were running on too small a margin of profit. To my mind, that is a valid and strong argument, because, after all, the profit motive is the inducement, the incentive, which causes people to transact business and to do business, and without that incentive business will not be done.

Perhaps not being acquainted with that particular business, I have been somewhat confused by the various statements which have been made. For instance, we have been told that there is a shortage of beef in prospect, and the next minute we are told that there are more cattle in the country than ever before. We are told that there is going to be a shortage of hog meat, and then we are told that there are 125,000,000

hogs in the country, more than ever before. We are told that those who produce cattle and hogs will not send them to market, and then we are told that there are unsold animals in the market. I do not know; I suppose there are explanations of all those things. But the statements which have been made have been very confusing to me.

Leaving that matter for a few moments, I was much disappointed this morning to hear the Secretary of Commerce attacked because he had dared to send to some of the Senators a statement as to what had been done. We were told on the floor of the Senate that the Secretary sat in a room adjoining this Chamber and whispered to those who went by, attempting to induce them to vote in a particular way.

Mr. President, I am somewhat disappointed in this, because I feel that I have been slighted. I passed the Secretary yesterday in the adjoining room, I met him, and he shook hands with me, but he did not whisper in my ear, he did not tell me that he wanted me to vote for anything or against anything. I have just been wondering whether the charge made on the floor of the Senate was as baseless as to other Senators as it was in my own case. If the Secretary is going to whisper into the ears of others, I myself should like to know what he is whispering about; I think he slighted me.

It seems that in the particular situation we are considering we all agree that conditions are different from what they were prior to the war. I noticed in this morning's Washington Post an article headed "Brown appeals for subsidies. Says he cannot control prices without them."

This article refers to the man upon whom the duty is thrown of controlling prices, and he says he cannot control them without subsidies. Of course, with my tendency of mind against subsidies, such a suggestion is disturbing, and again I go back to the thought that, after all, we are at war, and there is very great difference between what is now required or what is now justified and what is justified under ordinary conditions. Without reading the whole reference to Price Administrator Brown, I should like to have this article, found on page 3 of the Washington Post of this morning, printed in the RECORD at this point.

The VICE PRESIDENT. Is there objection?

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BROWN APPEALS FOR SUBSIDIES; SAYS HE CANNOT CONTROL PRICES WITHOUT THEM

Price Administrator Prentiss Brown last night declared he cannot administer price control without the use of subsidies, and said the cut in Office of Price Administration appropriation imposed by the House last week will—if agreed to by the Senate—cripple the Nation's hold-the-line program into uselessness.

When the price-control laws were passed, he asserted in a radio speech directed to the general public, it was apparent the program would require "the use of Government funds."

Subsidies, the Office of Price Administration chief declared, provide the cheapest

method of securing production and are necessary "not only to roll back the cost of living to the level to which we are committed, but to hold it there."

The President and the War Labor Board, Brown said, have courageously prevented a serious break on the wage front and it is now more than ever necessary "that we hold on the price front."

"When Congress takes its recess in July," the Administrator declared, "it will find the people behind price control. Pressure groups are strong in the Capital and they often blind Congressmen to what the average citizen is thinking," he contended.

"Only when a Member can talk with those he knows have no pet cause to plead, can he get the real low-down on American thinking. I am glad for this reason that Congress is going home," he said.

"All ground lost on the cost-of-living front since September 15 must be retaken," he declared, "for the alternative of raising wages to match the rise cannot be considered."

"The roll-back subsidy program on meat and butter will save the consumer between \$2 and \$3 and the Government at least \$2 for every dollar paid out in subsidies," he said, terming the program the "soundest kind of finance."

"On this program," he said, "the Office of Price Administration was faced with two alternatives. Other than the subsidy, prices on meat could have been reduced at the farm level. Since the Price Control Act specifies farm prices must not be placed lower than parity, the lower ceiling at agricultural levels was impossible."

If retail prices were to be stabilized at last September 15 levels and "a fair and equitable margin maintained for the various processors and middlemen," as stipulated by law, Brown declared, "the subsidy was the only way out."

He reiterated his promise to extend community dollar and cents ceilings to all market basket foods, and urged Americans to arouse themselves to the dangers of inflation "before it is too late."

Mr. TUNNELL. Mr. President, to my mind Price Administrator Brown is one of the ablest men I ever met in this chamber. I am satisfied that he is not making this statement without some reason. I am satisfied that he believes the statement he makes that he cannot control prices without subsidies.

It has been preached to us by newspapers, by columnists, and in speeches all over this Nation, that it is absolutely necessary to control prices. We have a Price Administrator. He is appointed for the purpose of controlling prices. He is supposed to have studied this question, and I think each of us will admit that he is a person who is capable of studying and arriving at a correct conclusion.

As I understand the situation, and as I gather it this afternoon from hearing the Senator from Wyoming [Mr. O'MAHONEY] discuss this matter, the problem is as to what is to become of the roll-back.

Mr. President, it seems to me that according to the law which was read by the Senator from Wyoming, very wide latitude is given to the Price Administrator. He is permitted to use his own judgment in the handling of this question, and I am not one of those who believe that either Secretary Jones or Price Administrator Brown is willingly and knowingly violating either the law or the Constitution of the United States.

If I were to undertake to find out what is the law with reference to a Federal matter, I do not know that I could get an opinion from any source in which I would have greater confidence than the office of the Department of Justice, or the Attorney General. I do not know why it should be thought that that office would give out false information or information not justified by the language of the law itself, and after listening to the reading of the law in question, I believe that the opinion of the Attorney General of the United States was worth pretty nearly as much as the judgment of some of the others of us, with less experience, and less opportunity to study the particular law.

I am, therefore, of the opinion that perhaps the statement that we all agree, or that it is admitted, that the officials referred to are violating the law, is putting it pretty strongly. Here is at least one Senator who does not make such an admission, and I do not think the statement is justified. I believe that the Attorney General is justified in the position he took, and I believe so more firmly since hearing the speech of the Senator from Wyoming this afternoon.

There is now before the Senate a problem which affects the whole American people. I noticed that the Senator from Nebraska stated that the growers of cattle were not the ones who would get the subsidy. The Senator from Nebraska said the processors would not receive the subsidy, but that the users of the product, the consumers, would receive it. If the consumers are to receive this subsidy money it will be quite widely distributed, and therefore in an attempt to hold the line by means of subsidy payments the damage which some contend will result therefrom will not be so great. If the consumer receives the subsidy money I think that is a pretty good alternative.

Mr. President, we are trying to do something by way of holding the line, as the expression is, but what will be the result if we do not succeed in holding the line? As I view the situation, after having listened to various arguments, if the bill is passed with the amendment of the Senator from Vermont in it, or if it contains any amendment which would interfere with what former Senator Brown says is necessary for him to do, and thus result in preventing him from controlling prices, it will mean a rise in cost of living to every man, woman, and child in the United States.

Mr. President, it seems to me that the statement made by Price Administrator Brown presents a sufficient reason why I, for one, can afford to do something which I am constitutionally opposed to doing. I have been opposed to doing what is now proposed to be done throughout political life, because I think it represents a Republican principle, which is that some persons should be given something for nothing. The Republican Party has fattened on that principle. I was delightfully surprised when I found that a Republican Senator from Ohio had taken a position in favor of controlling prices. I congratulate him on taking that position.

The statement was made by the Senator from Nebraska that the producer is not going to get the subsidy money, but the consumer is. That is not the theory of the Republican Party in this Nation. The theory upon which it has acted is that the manufacturer, but not the consumer, should receive benefits through the Government. If the consumer is now to be given an opportunity to benefit by the provisions of this measure, then I feel justified in voting for it.

Mr. President, it seems to me that the so-called Taft-Bankhead amendment provides the best method among the different methods left to our choice. These two Senators have given us a means by which we can limit the amount of liability placed on the Nation in doing something which has always seemed to us Democrats to be wrong. It limits the amount which can be thus expended, and yet it gives an opportunity in wartime to hold down the cost of living. I think that is very important. Perhaps I have not been so thoroughly convinced of the danger of inflation as some other persons seem to be, and yet I believe that inflation is a real danger. I think we have before us the possibility of a rise in cost of living, which would make it necessary again to raise wages. That would present a dangerous situation. Such a procedure would be a dangerous one. It is because of that danger, as I understand, that Price Administrator Brown insists that the measure be passed without crippling amendments; that otherwise he cannot hold down prices.

Let us see what will result if we refuse to do what is said to be necessary to be done by those who have studied the question, and who have made the matter of price administration their exclusive work during this period. Many men are studying the question of price control. If we refuse to do what is contended to be so absolutely necessary at this time, who assumes responsibility for the results? I myself do not propose to assume responsibility for them. Price Administrator Brown has my entire confidence. I think he has an almost impossible task to perform, and I believe that what he is now asking for can be utilized by him for the benefit of the American people.

Under those conditions, I think we should ask who will assume responsibility for failure resulting from our refusal to act? If general inflation results from our failure now to act, if as Price Administrator Brown says he cannot hold the line, if hardship shall come to millions of people as the result of our failure to act, will we then take the responsibility upon ourselves? Will we be honest about the situation, and say to Mr. Brown and to the administration, "Yes; you had a plan, and had we followed it we would not be in the condition in which we now find ourselves?" Or will we try to sidestep the responsibility and say, "The plan would not have worked anyway?"

I ask Senators who oppose the subsidy plan what plan they have to offer in its place? What is the plan of those who

refuse to accede to the demand of Price Administrator Brown? I have not heard presented any intelligent plan which would be likely to stop inflation. I have not heard any plan presented which would stop the rise in living costs. I have not heard of any proposal for action which would cause a cessation of the hardship falling upon the people of this country whose incomes have not been raised, and there are many millions of them.

Mr. President, the responsibility is one which the Senate and the House of Representatives must assume. The situation, as outlined by Price Administrator Brown, is such that if the Senate and the House accede to his wishes, and give him an opportunity to try out the plan which he thinks is the only available plan, should it fail, we shall have done our part. Unless some intelligent plan is put into execution, and the American people suffer because we fail to provide a remedy, then the blame is frankly and plainly upon those of us who refuse to accede to the demand and request of those in position to know what is necessary.

Mr. WILLIS. Mr. President, Undoubtedly responsibility for future rises in the cost of living will be laid without basis of reason at the door of those of us who refuse to grant to the Executive the alleged power to control such rises through the use of subsidies. Were I motivated by the desire to embarrass the Administration in its conduct of the war on the home front, I would vote to legalize and extend the practice already illegally indulged in, because eventually that remedy for controlling prices will fail, and full responsibility for that failure would then be laid at the door of the Executive.

I say the subsidy plan will fail because I am firmly convinced that in no such way can the Executive control the certain rise in the cost of living. The strains on price ceilings will become greater and greater as the supply of wanted goods diminishes and the huge volume of spending power is increased by the growing abnormality of our war effort. To hold levels rigid will only result in the increasing scarcity and final disappearance of the things we need for the conduct of the war and for the requirements of the civilian economy during the war, as well as for a stake for negotiations at the peace table.

Therefore, it is my duty to oppose the use of subsidies for the over-all control of prices. If we approve the proposed plan, we shall later be flooded by demands for appropriations to extend the practice, until disaster overtakes us. I shall not oppose the use of subsidies for the purpose of increasing the supply of critical materials for which abnormal conditions create an abnormal demand. I shall accede to the policy of using subsidies to equalize transportation costs of gasoline and fuel which have been distorted by the war.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. WILLIS. I yield.

Mr. AIKEN. The Senator may be interested to know that witnesses who were proponents of the roll-back and subsidy plan who came before the Committee on Agriculture and Forestry told us that the subsidies on meat, butter, and coffee were only a beginning, and that they proposed to continue along that line until all the necessities of life and all the things we require and provide are brought under the plan. So \$2,000,000,000, or whatever the figure may be, would be only the initial amount requested. No one knows how many billions of dollars would be needed before the plan would be wholly put into effect.

So when we vote on this measure, I think we should bear in mind that what is proposed is merely the beginning of a plan intended to blanket the whole United States and everything that everyone buys.

Mr. WILLIS. I thank the Senator. I intend to dwell on that point a little later.

My opposition is leveled at the pernicious practice of using roll-backs at the consumer market place without any provision or even any claim that the benefits of such practice will reach the production point which is necessary in order to reduce costs through having ample supplies.

I am, therefore, opposed to the use of subsidies as a roll-back or a bonus to the consumer, as practiced by the administration and as condoned and expanded in the committee amendment now pending before the Senate, because—

First. The practice is based on false premises. The facts do not support the contention of the proponents of the use of subsidies. Under the so-called roll-back of meat and butter, already put in force by the Government through subsidies to the processors, and a proposed roll-back on coffee, the average consumer would save less than 8 cents a week. Not more than 6 cents a week would be saved on meat, about 1¼ cents on butter, and about one-half cent a week on coffee. With butter and meat shortages threatening to grow worse, and with the constant decrease of consumption, the saving would be around 5 cents a week for each consumer. I contend that is not an important factor in the rising cost of living. The present high cost of living is due to the prices on commodities which ordinarily are counted as desirable but not as necessary food items. For instance, in a market in Washington yesterday, celery was quoted at 30 cents a stalk. A year or two ago it sold at 10 cents a stalk. Sweetcorn was quoted at \$1.20 a dozen ears, as against 25 cents a dozen 2 years ago. Huckleberries were quoted at \$1.20 a quart, while 25 cents a quart was formerly a fair price. Raspberries were quoted at \$1.60 a quart. I could scarcely believe that was so. Strawberries were quoted at 60 cents a quart, although in my own community 2 years ago they could have been purchased for 8 cents a quart, if you picked them yourself. A great many other articles of living which are commonly found on the ordinary family table were quoted at prices two to five times pre-war rates. All those articles figures in the index of

the cost of living, and I contend the effort to control by subsidy has not even laid the dust of high costs. I greatly fear what would happen if the effort to control prices by this process should be expanded to its full requirements.

In the second place, the process is too costly. While 8 cents a week would nominally be saved to the individual consumer, eventually there would be a net increase of cost to each person of 18 cents, under the roll-back program for the three items, when the cost of administration, taxes, and all service charges are applied. The total cost of subsidies already proposed by the O. P. A. is estimated at \$500,000,000. That amount could be obtained only by the sale of Government bonds, probably to be paid off in about 50 years, at a fair guess, if added to our present indebtedness. At the annual interest rate of 2.9 percent, that would boost the cost to one billion two hundred and twenty-five million, or about 18 cents a week for a year, to each person in the United States, for the privilege of saving between 5 and 6 cents at the present time.

Yet, while proposing to save the people money by charging them from 233 percent to 366 percent more money than they could thus save, the O. P. A. has the naive effrontery to refer to this scheme as the only way to prevent inflation and relieve the excessive cost of living from the necks of the low-salaried white-collar class.

In the third place, under the experience we have already had with subsidies, the plan will promote food shortages. Take for example, the present situation in regard to corn and meat. The roll-back of the retail price of meat has been accompanied—but not accomplished—by a subsidy to the processors of meat. We have now existing the very curious situation of a frozen corn market due to the fact the O. F. A. is trying to maintain a ceiling price for corn of approximately \$1 a bushel on the markets, and to maintain through support a \$13.75 price on hogs. It does not take an exceptionally bright farmer to figure out that with hogs at \$13.75, he can get approximately \$1.35 a bushel for corn converted into the meat. Yet the O. P. A. insists on maintaining the lower legal ceiling on corn and a subsidized ceiling on hogs; and consequently the farmer is holding his corn to convert it into hogs, and our plants processing corn for other needed articles are facing shut-downs. If this plan is persisted in, we shall be deprived of critical feed and war materials.

The policy of cheap feed and higher hog prices was intended to be a temporary expedient to encourage the increased production of hogs. The measures of inflation control have frozen those incentives into our economy. The situation may be compared to an automobile. The accelerator of the car was pushed down to gain momentum rapidly, but now has been tied down, through the use of price-control measures, notably the price ceiling on corn. The car is now exceeding safe speed limits, and there are sharp curves ahead.

It is elementary that so long as these price disparities or economic malad-

justments continue, hog production will continue to increase until it has absorbed all available feed supplies. Not only does hog production have the advantage of paying the higher price for corn, but it has a priority on the available supplies because of the location of the hogs on the farms where the corn is raised.

The hog is now eating us into something approaching a national disaster, and its effects will be widespread throughout our economy.

In the fourth place, I am opposed to the extension of this subsidy program because it is un-American. It places in the hands of men who have never been elected by the people and who are not responsible to the people the distribution of vast sums of money upon their own judgment and upon their own discretion, without any yardstick of policy set up by the Congress. I need not emphasize the danger of this practice or to what point it would lead in favoritism—personal and political—or of the unfair competition to businesses not allowed a subsidy, and the complete control which Government would exercise over businesses accepting the subsidy. These dangers are so obvious that they stand out as a part of a plan to regiment completely the large businesses of the country, while the small fellow is waved aside with the bland statement that his sacrifice is just one of the casualties of the war.

In the fifth place, I oppose these subsidies because there is a better way to combat the problem of rising living costs, and that is to increase production so that the supply of needed materials will rise to the point that their availability will bring down the price. To accomplish results we must have an over-all control vested in one single authority with the power granted to him, first of all, to control and stimulate production, and then to coordinate the distribution and direct the prices that shall be charged at the consumer point. Only in this way can we end the confusion that exists in our hydraheaded effort to manage our food problem. It will remove uncertainty from the minds of the producer, the processor, and the distributor. This direction must have the power to cut the red tape of excessive Government regulations and provide the producer, not only with the manpower and machinery, but with the spirit that is necessary to get complete cooperation. The spirit with which our Government approaches this problem will have a vital effect upon production.

This week I received two letters which are very illuminating. One letter complained about a suit which had been brought in my State against a farmer for having overplanted his wheat allotment in 1941. He had raised 350½ bushels of wheat above his quota, and the penalty which the Government is seeking to recover in the suit recently filed is \$168.59. The farmer was not informed in the regulations and had no definite notice of a penalty for overproduction. He did not realize that such a thing could happen in a free country. He could not obtain a card for the sale of his wheat, and it remained a drug in

his bins. Illness came into the family, which required a physician and hospitalization. He found a physician who was willing to furnish the necessary services and accept wheat as pay for his services. Now the Government is bringing suit against this farmer, in this year of our need, for \$168.59, and trying to force him to pay a penalty for growing wheat in this time of our trouble.

Burdensome, costly, and exasperating regulations lower the production of our country. Are the initials "U. S." to stand for "Uncle Sam" or "Uncle Shylock"?

On the same day I received another letter from a very capable farm woman in my own county. She was writing to ask me the price of a house which I own in the neighborhood in which I live. She had made a success of farming, but she had decided to give it up because of the lack of cooperation of Government agencies. She said:

This year I wanted to raise 1,000 turkeys on my farm. I bought the equipment and I ordered the young turkeys, and then I found that I had to get a man to help raise the turkeys. I located, in a county quite a distance from my home, a schoolteacher who had the necessary qualifications of strength and intelligence to go into this difficult effort of raising turkeys.

He was married and had two children. The agricultural war board of my county recommended his deferment for the essential duty, but when I applied to the draft board of his county to get him deferred to help raise the turkeys, the draft board refused to grant deferment because he could not qualify as a skilled agricultural worker. Nevertheless, he had all the necessary qualifications to raise turkeys successfully, and supply the county with much-needed food. Unable to locate other help, I locked up my equipment, canceled my order for the turkeys, and now wish to move to town.

Thus our food supply is curtailed by a neglect of the spirit for the letter of Government regulations.

In 1942 we planted 22,013,000 fewer acres of corn than we did in 1932. Probably less will be produced in 1943 on account of the weather. In 1942 we planted 13,748,000 fewer acres of wheat than we planted 10 years ago. This reduction of our production capacity is the result of the planned system of farm management.

That is what I mean, Mr. President, when I say that we shall have to have better cooperation and a better spirit on the part of our Government if we are to get the production necessary to bring down the cost of food. If we vote for subsidies we shall give consent to the program of confusion, injustice, and abortive production. Instead of the subsidy program, let us have something constructive, and set up a program of over-all control which will forestall food shortages over the country. Only in this way can we enable America to take her proper place at the peace table and be prepared to use a bountiful supply of food to smooth the irritations between nations. If we do not do so, when we sit at the peace table we may be saying, in a pleading voice, "Please pass the biscuits."

Mr. BUTLER. Mr. President, I should like to have the attention of the Senate

for only a few minutes, to discuss one phase of the problem before us which has not been elaborated upon during the discussion which has occurred in connection with Senate bill 1108.

A number of amendments have been proposed to the bill, which was introduced by the Senator from New York [Mr. WAGNER]. Each amendment has merit. I am sincerely hopeful that as a result of the consideration of the several amendments we may finally arrive at one which will be practicable and will accomplish the purpose for which we are all so hopeful.

I was present at the meeting in Nebraska a week ago last night, when between 700 and 800 farmers who had been engaged in feeding livestock—principally hogs and cattle—were in session to consider their plight. It is a little difficult for one who is not familiar with the problems which those people must face to realize that the situation is really serious. I can speak from personal experience. Frankly, the income, based on prices obtained for livestock today, will not meet the outgo in the production of livestock. I think that is stated in terms simple enough for anyone to understand that the situation is acute.

The farmers do not want to see extremely high prices. I doubt if they want any absolute guarantee of profit, but I think they, like other fair-minded persons, would appreciate the opportunity of having an opportunity at least to come out even, or perhaps with some profit.

I believe that the use of subsidies in a limited way is sound and meritorious, if they are used to increase the production of strategic or critical materials, without permitting a general increase in the prices of the commodities in question.

Thus, if a given quantity of copper can be produced at, let us say, 12½ cents a pound, and if an additional amount is necessary to carry on the war program, and if this additional amount can be produced at a higher cost, the use of a subsidy is justified in order to bring about the added production while at the same time holding the general price level at, let us say, 12½ cents. That is one of the first points on which I think we should agree.

Second. The use of subsidies in a limited way can be justified where some region of the Nation, through no fault of its own, is put in a disadvantageous position as a result of the military activities of the enemy. Thus, if the submarine menace absolutely stops the flow of petroleum products from producing areas in the Gulf States to consuming areas on the Atlantic seaboard, and if this in turn forces a more expensive transportation program, the Government may be justified in paying the differential for a limited period of time until consumers can shift from fuel oil to coal or at least adjust themselves to the circumstances.

Third. There are other illustrations which might be cited in which subsidies or their equivalent could be used to advantage by the Government in order to maintain reasonable justice, and at the same time promote the successful prosecution of the war. I shall not attempt to enumerate them, but think that some

leeway should be left to the administration in solving emergency situations as they arise.

Fourth. The use of widespread subsidies either (a) to promote general or Nation-wide expansion of production, or (b) in the form of roll-back payments to distributors and/or processors to reduce prices to consumers—or even to prevent prices from advancing—would be definitely inflationary, and if generally applied, would completely destroy all control of prices, wages, national income, national debt, and so forth. There is at the present time, and it is admitted by all, a tremendous inflationary gap resulting on the one hand from curtailed production of goods available for consumers, and on the other hand, from the increase in number of workers, the increase in hours per week, and the increase in wage rates and extra payments for overtime. Because of this inflationary gap, consumers are tempted to go outside the regular market and avoid the general price structure, which in turn means the widespread development of the so-called black market. But by lowering ceiling prices through the use of roll-back subsidies, consumers are left with even larger purchasing power, and while on the one side producers refuse to sell through the regular market, on the other side consumers are encouraged to buy through the black market. Thus the whole price structure is gradually destroyed.

Furthermore, the payment of subsidies actually increases the inflationary gap since it increases the purchasing power of consumers while discouraging any increase in the production of goods.

Still further, this policy is inflationary because it means that the Government, with the use of printed money—Government loans negotiated through financial institutions—is increasing the national debt, increasing the national income, and, in general, increasing the inflationary gap.

Indeed, the roll-back use of subsidies is nothing more nor less than the application of the principle of sales taxes in reverse. To avoid inflation, the Government should at this time impose a widespread sales tax of at least 10 percent, with proper exemptions, or require an equivalent investment in non-negotiable Government securities with low interest rates. Either of these two methods would reduce the inflationary gap. A third method would be to prohibit the payment of time-and-a-half or double wage rates except for employment exceeding 50 hours or 60 hours per week. However, this approach, while reducing cost of production, and the income of workers, and, therefore, the inflationary gap, might tend to discourage production, and the war effort. For that reason, it seems definitely better to absorb a large part of the inflationary gap by a sales tax, or through enforced lending to the Government. These methods are the reverse of the roll-back subsidy program. As indicated before, the payment of subsidies in the form of roll-back payments to hold down or reduce prices is nothing more nor less than the sales tax in reverse, and is inflationary in character.

It is argued by some that Great Britain has used the roll-back subsidy program successfully and thus has prevented runaway inflation. This is, I think, absolutely not true. Weekly earnings in the United States have increased more than 65 percent since 1938-39. In Great Britain weekly earnings have increased less than half of this rate, or not more than 32.5 percent. Thus, there has been created no great inflationary gap.

Furthermore, under our lend-lease program we have furnished the British Government foodstuffs and other materials valued at several hundred million dollars annually. This in turn allows the British Government to sell to the distributors on a fixed price basis in harmony with wages and other income, thus avoiding inflation. In turn, the British Government is able to use the money received from the sale of these goods to subsidize imports from other sources than the United States and dominions, thus holding the prices of the other commodities down in harmony with the price ceilings. We in the United States have an entirely different situation. We are on the giving or lending end instead of on the receiving or borrowing end, and have permitted wage earnings and other items to increase the inflationary gap to such a point that now every effort should be made to close that gap by taxes and/or Government loans rather than further increase the gap by roll-back subsidies.

We cannot follow a fiscal program without limiting to some extent the subsidy program to which we would give official recognition if we were to agree to the provisions of Senate bill 1108. I for one am very anxious that the Senate take ample time and give serious consideration to the solution of this problem. I believe that, more than anything else, it reflects on our domestic conditions and will, if a solution is not found, cause us great distress as a nation.

I was impressed by the remark made yesterday by the Senator from Georgia [Mr. GEORGE] when he objected to a limitation being placed upon the debate. I myself shall not take much of the time of the Senate in a discussion of this question, but I hope sincerely that each and every Senator will realize the seriousness of the problem, and vote to preserve the American form of government instead of going into reverse and endeavoring to give away what little may be left in the Treasury of the United States.

Mr. BANKHEAD obtained the floor.

Mr. HILL. Will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. HILL. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Alken	Burton	Eastland
Andrews	Butler	Ferguson
Ball	Byrd	George
Bankhead	Capper	Gerry
Bilbo	Caraway	Green
Bone	Chavez	Guffey
Brewster	Clark, Mo.	Gurney
Bridges	Connally	Hatch
Brooks	Davis	Hawkes
Buck	Downey	Hayden

Hill	Murray	Thomas, Okla.
Holman	Nye	Thomas, Utah
Johnson, Colo.	O'Daniel	Tobey
Kilgore	O'Mahoney	Truman
La Follette	Overton	Tunnell
Langer	Pepper	Tydings
Lodge	Radcliffe	Vandenberg
McCarran	Reed	Van Nuys
McClellan	Revercomb	Wagner
McFarland	Reynolds	Wallgren
McKellar	Robertson	Walsh
McNary	Russell	Wheeler
Maloney	Scrugham	Wherry
Maybank	Shipstead	White
Mead	Smith	Wiley
Millikin	Stewart	Willis
Moore	Taft	Willson
Murdock	Thomas, Idaho	

The VICE PRESIDENT. Eighty-three Senators have answered to their names. A quorum is present.

Mr. BANKHEAD. Mr. President, I assume that the debate on the Clark amendment and the general debate on the whole subject under discussion is now about at an end and that the Senate will soon proceed to a vote.

I realize that there is very little chance of changing the opinions and votes of many Senators. I think most Senators have made up their minds, and I am quite certain that nothing I could say would add very much to what has already been said, and I feel that I should make at least a brief statement before the vote is taken.

I think there has been more loose thinking on the subject of subsidies than on any subject that ever came under my attention. I have heard Members of the Senate say that they were opposed to all subsidies. I have heard pointed out by Senators that every Member of the Senate has been voting for subsidies, and we all know that yesterday the Senate by unanimous consent, and apparently with great satisfaction to representatives from two sections of this country, agreed to ratify, approve, and continue subsidy payments.

I shall not repeat the list, but we have heard pointed out a long list of subsidies which have been adopted by the Congress, from pioneer days down to this time, including, as I have stated, the action taken on two sections of the pending bill.

When it developed on the floor of the Senate yesterday that the Clark amendment, if agreed to, would terminate the subsidies under which western mining operations are being conducted, and when it also developed that the Clark amendment would terminate the transportation subsidies under which coal and oil are being carried to cold and remote sections of the country, a disturbance occurred among Senators from the West and the Northeast because it became apparent that subsidies—subsidies so generally condemned—were to be eliminated by the Clark amendment.

Mr. President, I submit that we cannot take a broad, general position in opposition to subsidies. Such action would be inconsistent with the record of practically every Member of the Senate. I know that most Members on the opposite side of the chamber are now in favor of the Clark amendment and opposed to subsidies, but I wish to point out to Members of the Senate on this side of the chamber that the party rep-

resented by the Members on the other side has always stood for the protective tariff, which is nothing but a subsidy representing the difference between the cost of production in foreign countries and the cost of production at home. The protective tariff is of course a subsidy, an aid, a benefit, a help to the manufacturing industries. Is it consistent to support a protective tariff and then to say, "I do not like subsidies. I am opposed to subsidies?" That is not, in my judgment, a consistent position to take, because no one who understands the English language can successfully deny that the protected industry which receives benefits under the tariff by which it may increase its prices over the level of the prices which would be in effect if it were not for the tariff, receives a subsidy.

Mr. President, yesterday I received a bill which had been introduced by the junior Senator from Massachusetts [Mr. LODGE]. It came to me as chairman of a subcommittee of the Committee on Banking and Currency. In that bill the Senator proposes that food food stamps be issued to low-income persons in order to equalize for them in some degree the high prices with which they are now confronted as a result of the war. I do not know how the junior Senator from Massachusetts stands with respect to the pending bill. I regret to note that he is not now present in the chamber. If the Clark amendment is adopted the bill introduced by the Senator from Massachusetts will be condemned by those who are in favor of the Clark amendment, for who can deny that food stamps given to low-income persons, or even turned over to them at a cost lower than prices of food, is a subsidy granted to such persons?

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. CLARK of Missouri. The Senator certainly does not mean to contend that anything is condemned in terms in my amendment, or that it would do anything except repeal the authority contained in section 2 (e) of the Stabilization Act. I have been given to understand in the cloakrooms and about the Chamber today that the Senator from Alabama, has been saying that my amendment would invalidate parity payments and soil-conservation payments and various other types of subsidies.

Mr. BANKHEAD. I have not mentioned one of them.

Mr. CLARK of Missouri. The Senator will certainly admit—and I mention this in view of the last statement by him—that my amendment is simply directed to the repeal of a fake authority claimed by the O. P. A. under section 2 (e) of the National Stabilization Act.

Mr. BANKHEAD. I stated today to the senior Senator from Mississippi [Mr. BILBO] that the Clark amendment would not repeal the authority for soil conservation payments. Since that subject has been raised, I wish to say that the Clark amendment would not prevent parity payments, or repeal the authority for such payments. Parity payments represent a pure unadulterated subsidy, yet

I contend that the Senator's amendment would not prevent Congress from specifically authorizing parity payments, and such payments come about by means of specific appropriations made each year.

Mr. CLARK of Missouri. If the Senator will indulge me for a moment, he will admit that my amendment, with the inclusion of the amendment of the Senator from Georgia [Mr. GEORGE] and the amendment of the Senator from Colorado [Mr. JOHNSON], which are now included in the so-called Clark amendment—the Senator will admit that the amendment in its present form is simply a restatement of the intention of Congress as nearly every Member of this body understood the act when the National Stabilization Act was passed. It is not intended to interfere with anything else whatever.

Mr. BANKHEAD. Mr. President, the Senator cannot put those words in my mouth.

Mr. CLARK of Missouri. If the Senator wishes to deny that statement I shall be very glad to have him do so.

Mr. BANKHEAD. Let me make my argument, please. I do not mind having the Senator interrupt me, but I do not wish to be engaged in that sort of controversy at this late hour. Since the subject has been raised, let us see what the effect of the Senator's amendment would be. He states his view of the effect of his amendment. I do not agree with his statement with respect to its effect. Let us see what it would do. It would repeal subsection (e) of section 2 of the Price Control Act. The inclusion of the George amendment in the Clark amendment results in making an exception of subsidies for minerals, that is for the mining program, whatever it may be, broadly speaking, and also the subsidy with respect to the transportation program, broadly speaking. The inclusion of the George amendment results in excepting those two subsidies. It restores those subsidies. I agreed to the inclusion in the Clark amendment of the George amendment, because a similar provision was contained in the committee amendment. The George amendment is in effect a ratification of subsidies for those two programs, one in the West and one in the Northeast.

Except for those two programs the Clark repealer eliminates section 2 (e) from the law and there is nothing else in the law dealing with the O. P. A., and I am fairly familiar with it, which authorizes the payment of subsidies for any purpose. Therefore I submit to the calm reasoning of Senators who are really interested in knowing what is being done, that all other forms of subsidies authorized in the O. P. A. law would be repealed and eliminated by the Clark amendment.

What authorizations would the Senator's amendment repeal? I hope to submit what I am saying to the cool judgment of Members of the Senate who some day must look back upon their record on this tremendously important issue. First, the Administrator of the O. P. A. is authorized by means of subsidies to buy or sell or store or use such commodities as he deems necessary to

obtain the maximum necessary production thereof.

There is the authority under which the Administrator may buy commodities and sell, even at a loss. There is the authority under which sustained production prices are guaranteed in order to increase production. There is the only authorization in the O. P. A. law for such subsidies to increase agricultural production.

That is the first. The second is:

Or otherwise to supply the demand therefor.

Store them up, buy them, hold them for distribution in times of emergency, times of great need for food, if such action is thought best in the public interest. There is the authority.

Third—and listen to this, Mr. President:

Or make subsidy payments to domestic producers of such commodity in such amounts and in such manner and upon such terms and conditions as he determines to be necessary to obtain the maximum necessary production thereof.

By agreeing to the Clark amendment, the Senate would be repealing those provisions.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. BANKHEAD. Yes; I yield. I do not want to misrepresent the meaning of the Senator's amendment; the Senator knows I do not want to do that.

Mr. CLARK of Missouri. Yes; and I certainly do not wish to interrupt the trend of the Senator's argument. The Senator certainly does not claim, however, that such an order as the one issued by Mr. Elkinton as to meat production was for the purpose of increasing production; does he?

Mr. BANKHEAD. Oh, Mr. President, the Senator knows he is trying to sidetrack me.

Mr. CLARK of Missouri. No; I am not attempting to sidetrack the Senator.

Mr. BANKHEAD. I am not discussing the subject to which the Senator has just referred. I am discussing the legal effect of agreeing to the Clark amendment.

Mr. CLARK of Missouri. That is exactly what I am attempting to discuss. If the Senator does not want to reply to my question, of course, he does not have to do so.

Mr. BANKHEAD. Mr. President, I have the floor. I am endeavoring to direct the attention of the Members of the Senate to this question, and to appeal to their best judgment.

Mr. GEORGE. Mr. President, will the Senator yield to me?

Mr. BANKHEAD. I am glad to yield to the great senior Senator from Georgia.

Mr. GEORGE. I understand the Senator's position to be that, so far as the Price Control Act is concerned, the language under consideration would eliminate the authority which the Senator from Alabama has enumerated. However, the Senator from Alabama does not mean to tell the Senate, does he, that there is no other authority under other valid acts for Government cor-

porations to go into the market and buy, and hold, and so forth?

Mr. BANKHEAD. No; I have confined my remarks to the O. P. A. law, as I know the great mind of the Senator from Georgia noted.

Mr. GEORGE. I did note it, but I did not want the Senate to gain the impression that there were not already other agencies which could buy the same things which could be bought by the O. P. A.

Mr. BANKHEAD. The authority of the other agencies is not so broad, let me say to the Senator.

Mr. GEORGE. I am glad it is not.

Mr. BANKHEAD. So the elimination of the authority of the O. P. A. would restrict the legal authority to use the funds of the corporation for the purpose of securing adequate and necessary production.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. PEPPER. If the Congress were to establish a policy disapproving of buying and selling for such purposes by the O. P. A., another administrative agency might be deterred, and properly so, from indulging in such buying and selling; might it not?

Mr. BANKHEAD. I think so.

Mr. GEORGE. Mr. President, I do not want to interrupt the Senator in the development of his thought—

Mr. BANKHEAD. I am always glad to have the Senator from Georgia interrupt me.

Mr. GEORGE. I think the Senator from Alabama knows, and the Senator from Florida should know, that there is no opposition here to the payment of subsidies to increase production, to bring about greater production. What we are fighting against is a system which disrupts production, throws out of balance all our price adjustments, and in the long run results in less and less production.

Mr. REED. Mr. President, will the Senator yield?

Mr. BANKHEAD. Certainly, I yield; I am always glad to yield to my good friend the Senator from Kansas.

Mr. REED. I thank the Senator very much; I have the same feeling toward him. I desire to ask him a question, and to make an observation.

Mr. BANKHEAD. I am glad to answer a question. I hope the Senator's observation will not be very long, because I am anxious to have the Senate vote on the amendment.

Mr. REED. I hold in my hand a copy of the CONGRESSIONAL RECORD for Tuesday, January 27, 1942. On page 728, at about the middle of the second column, Mr. Brown, then a Member of this body, now the Price Administrator, made the following reply to the Senator from Wyoming:

Mr. BROWN. That is what I was about to do. In the first place, no power can be exercised under subsection (e) for any purpose other than to increase production or increase the supply.

Mr. BANKHEAD. I am not taking issue with the Senator on that point; but what I am saying is that the amendment

of the Senator from Missouri would repeal the right of the Price Administrator to use the money in the form of a subsidy to increase production.

Mr. CLARK of Missouri. Mr. President, will the Senator yield on that point?

Mr. BANKHEAD. Yes; I will yield when the Senator from Kansas has concluded.

Mr. CLARK of Missouri. Of course, I do not want to take the Senator from Kansas off his feet.

Mr. REED. I desired to ask the Senator from Alabama a further question. I think the Senator from Alabama in his statement unduly narrows the authority under the Clark amendment, as compared with the authority under his own amendment.

Now let me ask the Senator from Alabama what would happen when the O. P. A. spent the \$500,000,000 which the Senator's amendment would provide? Let me call the attention of the Senator from Alabama to the language:

(c) The Reconstruction Finance Corporation is authorized to borrow not to exceed \$500,000,000, and to use or allocate any part of said sum prior to July 1, 1944, to pay subsidies or purchase commodities for the purpose of selling them at a loss—

This is the point about which I wish to ask a question of the Senator from Alabama:

All commitments heretofore made for such purposes shall be fulfilled out of the sum authorized herein, and no further commitments shall be entered into hereafter with any producers, processors, manufacturers, or distributors which cannot be fulfilled out of said sum.

I want to ask the Senator from Alabama if his own amendment would not deprive the O. P. A. of any authority to do anything of that kind after the \$500,000,000 had been spent.

Mr. BANKHEAD. Mr. President, the Senator is eminently correct.

Mr. REED. The amendment of the Senator from Missouri would hardly go any further than that.

Mr. BANKHEAD. Oh, yes; the Senator's amendment would cut off the program, and would end all programs which have been entered into. This is the essential difference.

Mr. REED. Mr. President, I thank the Senator very much for yielding to me.

Mr. BANKHEAD. In the meantime, my amendment would provide an opportunity to conduct an experiment such as that which Canada has conducted or that which Great Britain has conducted, but would require the O. P. A. to come back to Congress if it desired to follow a procedure of that sort.

Since the Senator has stated that the subsidy has done no good, let me say that it has not done any good in this country because it has not had time to do it.

I hold in my hand a chart which was submitted to the Committee on Banking and Currency. It is a chart of the retail food prices in Great Britain, in Canada, and in the United States. It shows that in the United Kingdom, since 1939, there has been a 20 percent increase in food prices. In Canada there

has been a 27 percent or 28 percent increase. In the United States there has been a 45 percent increase. Those figures show the difference in the control of prices in the three countries. In Canada 62 percent of all agricultural commodities are under a subsidy program.

Mr. President, what are we doing when we repeal the authorization in the price-control act? The word "subsidy" is used in section 2 (e) of the act. We tried to use it to increase necessary production. What does "subsidy" mean? That is a question which we often hear. I find the following synonyms for "subsidy": "Aid; allowance; bonus; bounty; gift; grant; indemnity; pension; premium; reward; support; subvention; tribute." They are all synonyms of the word "subsidy," which is used as a broad expression to cover every form of aid.

Under this amendment, so far as the O. P. A. law is concerned, all subsidies—whatever the word "subsidy" comprehends—except subsidies in the transportation of oil and coal, and subsidies to the mining interests of the West, would be terminated. Those two exceptions have been made. I think I know the reason why, but I will not state it. Those two forms of subsidy have been approved, and all others are condemned.

Mr. President, I shall consume very little more time, because I have been here long enough to know a situation when I see it. What would be the result of repealing all subsidies except those granted for the transportation of fuel to the North and Northeast, and those granted to miners in the West, which are two worthy causes? Who would be helped and who would be hurt? Why are we all so disturbed over the question?

Why are we not more selective in the matter of our support of subsidies than we have been in the past? We have not condemned them all in the past. As every Senator knows, each Member has voted for whatever subsidies appealed to the interest with which he was concerned. We have voted for subsidies to help our own sections of the country, or to help some interest which had a peculiar local appeal. Practically all of us have voted for such subsidies. I do not say that we all did. There are always some exceptions; but heretofore we have not condemned subsidies in the form of parity appropriations, or soil conservation payments, or the food-stamp program, which became so popular.

Subsidies for numerous other worthy causes have been presented to the Senate, and in the main we have voted for them, not because they were subsidies but because we believed in the particular activities concerned.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. AIKEN. Did I correctly understand the Senator from Alabama to say that we have voted out the stamp plan?

Mr. BANKHEAD. No. I said that we voted it in.

Mr. AIKEN. We voted it in.

Mr. BANKHEAD. It was a subsidy.

Mr. AIKEN. It worked.

Mr. BANKHEAD. I am in favor of it.

Mr. AIKEN. We should have it today, so that we could subsidize the poor people without subsidizing millionaires.

Mr. BANKHEAD. I agree with the Senator. I have always supported it. However, Senators have spoken with great eloquence and oratorical power in denunciation of all sorts of subsidies as a wrong principle of government. I respect a man who holds that view. Some of my best friends are of that persuasion. I do not condemn any Senator for it; but I do not like to have him become too loud about it, when he has been voting regularly for subsidies which appeal to him.

Mr. AIKEN. Mr. President, if the Senator will further yield, I wish to say that I believe that the stamp plan is a proper method for applying subsidies, because the subsidy is applied only to those who need it, and not to those who do not need it.

Mr. BANKHEAD. The Senator is correct. I hope the principle to which the Senator has referred will not be condemned, because I favor it.

Mr. President, who would be injured? Certainly not the farmer. This is not a program in which farm prices are involved. The bill would neither increase nor decrease farm prices through the subsidy. As I have frequently stated, this is a consumers' bill, in an effort to adjust prices which the Price Control Administration believes have become maladjusted—prices of the essentials of life, such as meat and butter, fats and oils, which the Administration believes have become maladjusted. I have not gone into the question, so I do not know; but the Administration believes that such prices have become maladjusted. I know that the prices of such commodities have continually risen, and that they are above the level of other commodity prices to such an extent that they have attracted the attention of the people.

This effort is frankly confined to meat, butter, and coffee, and nothing else. The Administration admitted that it had made a mistake in not stopping those prices at the point to which it now proposes to roll them back. The Administration frankly stated that there was a division of opinion within the circles which control those activities. There was great pressure from producers to allow prices to rise, and they were permitted to rise. Now it is sought to put them back to the point where they should have stopped in the first place, so far as the consumer is concerned. Ample protection has been provided to the producers of livestock and to dairy-men. It is sought to obtain some benefit for consumers by reducing the prices of essential foods. At the same time the Administration is saying, "We will not roll back prices to the growers of cattle or the producers of butter." How can we give to the poor people of the country the benefit of more reasonable prices for food commodities without rolling back the prices?

No one denies that the O. P. A. have the power to roll back prices without

the payment of any subsidy. Without the payment of any subsidy they can fix prices. At present they can order a complete reduction in the prices of these three commodities all the way back to the producer, and including the producer. To avoid any disturbance of the financial situation and the income of the producers of these commodities, and so as not to discourage production, it has been said that there is but one way in which it can be done. If we give the benefit of lower prices on these commodities to the people of this country, to the consumers, and do not take that reduction out of the producers, there is but one way by which to accomplish the desired result, that is, by paying the man in the middle, whose cost is such that he cannot stand the reduction in the price, a bonus in order to protect the producers as well as the consumers.

Mr. AIKEN. Will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. AIKEN. When the administration officials say that they will not pay any subsidy to one processes less than 1,000 pounds of butter or 4,000 pounds of meat a month, how can anyone say that that roll-back is not being turned back onto the farmer, or the group of farmers which is least able to stand it, namely, those who produce less than 1,000 pounds of butter or 4,000 pounds of meat a month?

Mr. BANKHEAD. I do not know the facts, but they are minor when compared to the whole problem.

If the amendment of the Senator from Missouri [Mr. CLARK] shall be defeated, it is my intention to offer the following amendment to the section providing the \$500,000,000 authorization:

Provided, That no reduction shall be made in the price paid to the owners of livestock on account of or as a result of any reduction or roll-back in the price of any commodity with respect to which subsidy payments are made, and the Reconstruction Finance Corporation shall issue suitable regulations to prevent any such reduction in the price paid to the owners of livestock.

Those in authority have already put that regulation into effect. They were slow in getting it out. It naturally resulted in confusion in the markets because they did not have the money ready, and they did not have the regulations out in time. The program was ill-advised and poorly managed. But now they have made the regulations available—I have a copy of them on my desk—which provide that none of this subsidy shall be taken from the producers. However, I have provided for that in the amendment. I have the power to add it to my amendment, and will do so if I have the opportunity. So there can be no question about the roll-back on the farmer. Let us eliminate that idea, and make certain of it by a provision in this bill if we ever have an opportunity to do so.

There is only one question left, Senators, and that is whether you are opposed to a roll-back even when it does not cost the producer anything. That is all there is left.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. AIKEN. Will the Senator guarantee that he can write a bill which will return to the small farmers a subsidy on meat and butter even though they make but 10 pounds of butter a week, or sell only 300 pounds of meat a year? The Government agencies have confessed their inability to work out the mechanics for doing that, and if we fail to do so we shall be committing a terrible injustice to half our farmers, who are guilty only of the crime of being poor and small.

Mr. BANKHEAD. I cannot guarantee any legal work to the satisfaction of the Senator from Vermont. I am talking about broad, general principles, and trying to make the situation clear to the Members of the Senate, notwithstanding the clouds of dust which have been kicked up, and the storms which have blown against this administration, against the O. P. A., against the President, and against Jesse Jones. I shall not go into those matters; I am not considering them. The Senate knows that I use my own judgment on all the issues which are presented here.

I want to make it clear, Mr. President, to the Members of the Senate, that if they vote for the Clark amendment they will not be voting for any protection to the farmers. They will not be doing any injury to anybody unless it be to the taxpayer. My good friend, the Senator from South Carolina [Mr. SMITH], told the truth about it when he said that the only person injured in this whole situation—and he is firmly opposed to what is being done—is the taxpayer. That is true. The bonus comes out of the taxpayers.

Mr. GEORGE. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. GEORGE. I do not wish to take up any time in argument, but if the cost of living to industrial workers should be reduced by 10 percent it would be equivalent to an increase in their wages of 10 percent. At present the trouble with the farmer is the wide disparity between his capacity to employ labor to carry on his operations, and the capacity of other groups to employ labor to carry on their operations. I do not understand why it is, when we are doing better in this country than we have ever previously done, that we cannot pay for what we eat as we go along. Instead, we want to sell Victory bonds next year to pay for the food we ought to be paying for this year so as to allow the farmer to receive a fair price for his products.

Mr. BANKHEAD. I have very much sympathy with what the Senator has said. I have made an argument along the same line, that the wages of industrial workers are entirely out of line with those of the farmers.

Mr. President, I have before me a statement from Dr. Townsend, which came to me yesterday unsolicited. No man in this country is better known as a friend of the poor old people. I wish to read the statement, which is as follows:

If such groups as organized labor and the farm organizations can envision betterment from a roll-back of food prices, and subsidies to producers, the people I represent, I am

sure you must agree, are much more in need of reduced prices.

Most groups of our citizens have experienced increases in income to somewhat balance off price rises, but among the older citizens of America the war boom has brought greater poverty and even starvation.

My organization has tried by every conventional means to impress upon the proper authorities in this Congress that old-age assistance payments, by which some three and a half million people must live, is not sufficient to allow these folks to exist.

Without any searching investigation of my statement, the very figures definitely prove that I am not overstating the case. Look at them. The average old-age assistance payment is \$21.83, and I quote that figure from the Seventh Annual Report of the Social Security Board, page 80. This is only a 3-percent increase over payments during the previous fiscal year.

Yet, gentlemen, the Bureau of Labor Statistics of the Department of Labor, on April 8, this year, sent me data showing that food costs have increased 42.9 percent since August 15, 1939, and 36.6 percent since February 15, 1941. The cost of clothing has increased 25.5 percent during the same period of time.

Thus, you can see that these people on old-age assistance have actually had their income reduced more than 25 percent already, and prices are still going higher.

Before this price climb started, these folks were living at a below subsistence level. Now, I assert, the older citizens of the country are practically starving. Malnutrition is rampant, sickness is widespread, and adequate housing these days is practically nonexistent.

You, gentlemen, of course, cannot deal directly with the problem of increasing pensions or correcting the present old-age-assistance situation, but I am sure you are interested in the plight of this segment of the population for whom my organization is fighting.

You can help us by pushing the prices of food back toward the normal point. We are strongly in favor of any help you can give to those of our citizens on fixed incomes. They are helping, each in his own way, to win the war, but the so-called war boom has reacted against them rather than for them.

As individual Members of the Senate, you can also help us by giving some consideration to the plight of these people who are the mothers and fathers and the grandparents of the soldiers in training or overseas.

I am one of the advocates of the old phrase "charity begins at home." We are rightfully doing our share in feeding our allies in this war, but I believe we should give consideration to the morale of our own people first. When we have people suffering from lack of proper food in the United States, it is hollow mockery to talk of freedom from want for the entire world. Let's keep our own from starvation, and give our allies everything we can beyond that point.

In conclusion, let me quote from a letter I have just received from Mr. Gus Bixby, of Shell Lake, Wis., which expresses a lot in a few words. He says:

"I have worked hard all my 63 years and helped to carve two good farms out of the Wisconsin wilderness, one of 165 acres and the other of 120 acres. The land was covered with brush and timber when I went to work on it, and now it is producing food and paying taxes. I am about through, however, as I am crippled quite badly from rheumatism. * * * There has been no war boom for the old and poor. It is really worse now than before the war. Is there a chance for a decent pension bill being passed at this session of Congress?"

That letter, gentleman, is only one of thousands I receive each year, all of them in about the same vein. These people were the

builders of the America we love. They were tollers who carved out the foundation of this great Nation. They deserve more consideration than they have received, and any action you may take here to roll-back prices will help them a great deal.

In conclusion, I may say that there are many millions of people in this country whose income is not increased in the slightest, not only the aged, not only the pensioners, but all in the social security organizations are in that situation, school teachers, widows, firemen, policemen, countless groups of large numbers, clerks in stores, stenographers, workers in offices. Wherever we find the plain, everyday, white-collar workers, we find them not only with taxes to pay in increased amounts but without increases in their incomes; such as industrial workers are receiving, and they are bowed down with additional burdens and loads which the Government has imposed on them. Therefore, if we can give them something, if we can give something to one who does not need it, even, and does not want, if we can give that group a reasonable reduction in the cost of the food they are obliged to eat in order to maintain their lives, I submit that we should go as far as we can in order to do it.

If I thought the pending bill would injure in the slightest degree the farmers, or any group of them, if I thought it had any tendency to reduce their income or change their financial status in any way, I would not give it my support under any circumstances. I feel sure that I have abundantly manifested, on this floor and in the committee rooms, my loyalty and my devotion to agriculture and agrarian groups in the United States. But this hullabaloo about hurting the farmer, when his income is not reduced a penny, and cannot be—and I propose to make it certain that it cannot be—does not disturb me, even though some of my best friends in the farm group are opposed to the program. I do not agree with them, and I am obliged to follow the dictates of my own judgment and conscience, but I am clear that there is nothing in the bill injuriously to affect in the slightest degree, in the slightest way the welfare of the farmers of the United States.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Megill, one of its clerks, announced that the House having proceeded to reconsider the bill (S. 796) relating to the use and operation by the United States of certain plants, mines, and facilities in the prosecution of the war, and preventing strikes, lock-outs, and stoppages of production, and for other purposes, returned by the President of the United States with his objections, to the Senate, in which it originated, and passed by the Senate on reconsideration of the same, it was—

Resolved, That the said bill pass, two-thirds of the House of Representatives agreeing to pass the same.

The message also announced that the House had passed a bill (H. R. 2869) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the

basis of the annual appraisal of its assets, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the Vice President:

H. R. 338. An act to authorize the incorporated city of Anchorage, Alaska, to purchase and improve the electric light and power system of the Anchorage Light & Power Co., Inc., an Alaska corporation, and for such purpose to issue bonds in the sum of not to exceed \$1,250,000 in excess of present statutory debt limits;

H. R. 2292. An act to amend an act entitled "An act to provide for the use of the American National Red Cross in aid of the land and naval forces in time of actual or threatened war";

H. R. 2409. An act making appropriations for the legislative branch and for the judiciary for the fiscal year ending June 30, 1944, and for other purposes;

H. R. 2612. An act to extend the effective date of the act of December 17, 1941, relating to additional safeguards to the radio communications service of ships of the United States; and

H. J. Res. 131. Joint resolution giving the consent of the Congress to an agreement between the State of Indiana and the Commonwealth of Kentucky establishing a boundary between said State and said Commonwealth.

PROHIBITION OF POLITICAL CONTRIBUTIONS BY LABOR ORGANIZATIONS AND MANAGEMENT ORGANIZATIONS

Mr. HATCH. Mr. President, I ask unanimous consent that I may introduce a bill at this time.

The VICE PRESIDENT. Is there objection. The Chair hears none.

Mr. HATCH introduced a bill (S. 1272) to amend section 313 of the Federal Corrupt Practices Act, 1925, as amended, for the purpose of making the provisions of such section prohibiting political contributions apply equally to labor organizations and management organizations, which was read twice by its title and referred to the Committee on the Judiciary.

Mr. HATCH. Mr. President, I have asked consent to introduce the bill which I have sent to the desk in keeping with previous declarations made by me, when I stated that if a bill such as that which is the subject of the message which has just come from the House, which was passed over the President's veto, should become law, I would introduce a bill putting employer groups upon exactly the same basis on which labor organizations were placed by that measure.

I should say that in previous statements I mentioned the National Association of Manufacturers and the United States Chamber of Commerce. Since then I have been advised that both these organizations are corporations, and come under the present law prohibiting campaign contributions by corporations.

Mr. HAWKES subsequently said: Mr. President, in connection with the bill which has been introduced by the senior Senator from New Mexico [Mr. HATCH], I told the Senator from New Mexico a few days ago that I firmly believed that

the same application should be made to chambers of commerce, business organizations, and trade associations throughout the United States that we are making to labor organizations. I think it would be for the good of decent politics throughout the United States if we could stop all organizations which are collectors of vast funds from making political contributions. In fact, I am one who believes that a certain political contribution which was made a few years ago has led to much of the confusion we have been discussing in the last few weeks in connection with the Connally-Smith bill.

I want the Senate to know that I believe that unless and until all groups in our American life are willing to accept the same regulations and the same responsibilities, we will never reach a point where we have statesmanship in this Nation, and clean, decent politics. I know the Senator from New Mexico is very much interested in clean politics.

HOUSE BILL ORDERED TO LIE ON THE TABLE

The bill (H. R. 2869) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes, was read twice by its title and ordered to lie on the table.

CONTINUATION OF COMMODITY CREDIT CORPORATION

The Senate resumed the consideration of the bill (S. 1108) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and to provide for an audit by the General Accounting Office of the financial transactions of the Corporation, and for other purposes.

Mr. GEORGE. Mr. President, it may be that we will not reach a vote on the pending matter tonight, and I should like to have printed in the RECORD an editorial by the Honorable Tom Linder, commissioner of agriculture of Georgia, which bears directly upon the question of subsidies. I commend it to the attention of Senators.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

FAIR PRICES—NOT SUBSIDIES—WILL INCREASE PRODUCTION

In 1940 according to the Government census there were 29,000,000 people on the farms of the United States.

There were approximately five people on an average on each farm, constituting about 6,000,000 families.

These 6,000,000 families also contained many old people, invalids, babies, and, of course, the farm housewife, whose time is largely consumed with family cares.

If we assume that in 1940 each farm family averaged two full-time field hands we will be making a very liberal estimate.

If 6,000,000 families had 2 farm hands to each family there would have been 12,000,000 farm hands in the United States in 1940.

Since 1940 several million of these farm hands have joined the fighting forces of our country. A great many more have gone to accept employment in war factories and other high-paying industrial jobs.

It would be a very conservative estimate to say that 4,000,000 out of the 12,000,000 farm hands in 1940 are no longer on the farm. This leaves only 8,000,000 farmers to produce crops for the Nation.

ONE SOLDIER FOR EACH FARMER

With 8,000,000 farmers and 8,000,000 men in our armed forces it is apparent that every hand in the field has 1 fighting man dependent upon him for food and other agricultural supplies.

SEVENTEEN PEOPLE DEPEND ON EACH FARMER

The population of the United States today is in excess of 136,000,000 people.

With only 8,000,000 farm hands it follows that each farm hand must provide for 17 people of the United States to say nothing of our allies in other countries.

There are 17 people in this country who cannot eat if one farmer fails to make a crop.

RED TAPE, RULES, AND REGULATIONS

When this farmer starts out to make a crop he cannot buy his seed and fertilizer except under rules and regulations governing the distribution of fertilizer and some seeds.

He cannot plan or plant his crop except in accordance with rules and allotments of the Triple A.

The farmer cannot obtain equipment for producing a crop until he obtains certificate from the war board. After he secures certificate he may be unable to find the equipment he requires.

When he is ready to market a crop the Office of Defense Transportation has many rules and regulations with which he must comply before he can haul his crop to market.

After he hauls his crop to market he comes in conflict with the Office of Price Administration. Very often it is necessary for him to go to the Office of Price Administration to find out how much money he can accept for his crop without being a criminal.

Many times it is necessary for the farmer to sell to a trucker in order to have any market at all. The trucker is likewise under many rules, regulations, and taxes. The trucker finds himself continually on a hot spot because of countless rules and regulations of the Office of Price Administration, the Office of Defense Transportation, the United States Department of Agriculture and the Interstate Commerce Commission.

Whichever way the farmer turns and whichever way the trucker turns he faces more rules and regulations.

What has been said with regard to rules and regulations on farmers and truckers apply with equal force to merchants and dealers who handle farm produce.

FAIR PRICES—NOT SUBSIDIES—WILL ENCOURAGE PRODUCTION

As I traveled over the State last week visiting many of the best farm sections in the State and other sections of Georgia to inspect the State farmers markets, I found the farmers had planted every field possible.

They were short handed, labor was scarce and practically unobtainable, but these patriotic farmers just worked a little harder. They were out of bed before daylight and didn't come in from the fields until it was too dark to see how to plow.

Driving by night I found many fields of grain being cut by the light of headlights on combines. Long as the days are, they were not long enough to get the grain cut and too few combines were available so they were cutting the grain at night.

They were not counting the hours. The only thing that mattered to them was that our country was at war and they were supplying the ammunition for our fighters overseas. They were helping to feed those at home and those overseas.

Their boys who generally helped them harvest the grain and till the fields were in

Africa, New Guinea, India, and in many other places where their country needed them.

They thought of these boys as they worked, thought how their boys fought at times 24 hours of the day and night and they wiped the sweat off their brow and doggedly kept at their tasks.

All that the farmer wants is a fair price for what he produces so he can continue to produce adequate crops for his country. What the country needs basically is production and more production. The payment of subsidies to processors or others will not encourage or help the farmer to get maximum production.

The payment of subsidies means higher taxes, more Government employees, higher prices in the end to consumers, lower prices to the farmers, and less production.

Fair prices to farmers means increased production, more business for businessmen, lower prices to consumers, more food and clothes for the people in this country, and above all, adequate supplies of food and clothing for our boys overseas.

Put General Farmer in command of agriculture, remove all restrictions, give him a fair price and let's win the war.

TOM LINDER,

Commissioner of Agriculture.

Mr. PEPPER. Mr. President, I was very much gratified in listening to the very able address by the distinguished senior Senator from Alabama [Mr. BANKHEAD], because everyone knows that there is not a Member of Congress whose record of support of farm legislation, and whose efforts to improve the lot of the farmer, is better than that of the Senator from Alabama.

We have all been the recipients of protests against any form of subsidy for agricultural commodities, due to the belief, apparently, on the part of the producers of such commodities, and especially foodstuffs, that they should be allowed to get more for what they produced, and that somehow it would be inimical to their interests if they were to get their return, which is the cost of production plus profit, from a subsidy.

I was glad to have the able Senator from Alabama point out that he, as the leader of what is called the farm group of the Senate, and generally the spokesman for that group, was in favor of defeating the Clark amendment, which, as modified, is now before the Senate.

Mr. BANKHEAD. I do not speak for the farm group in that matter.

Mr. PEPPER. I said generally.

Mr. BANKHEAD. The farm group is opposed to it.

Mr. PEPPER. I am always willing, insofar as my votes on questions affecting agriculture are concerned, to follow the lead of my distinguished friend, the Senator from Alabama, and I am willing to do that in this case.

I consider the vote the Senate is about to take one of the most important it will take for some time or has taken in the recent past. We have to do one of three things, it seems to me, relative to the present situation. Either we must break the line on prices and let prices begin an inflationary spiral or we must deny to producers a fair return, let alone a margin of profit, or we must make possible some form of aid in the form of a subsidy. I have not heard anyone successfully deny that position.

It is all right for one to have one's opinion as to the best way to meet the problem, and I commend the integrity and the intellectual honesty of those who say, "We are not in favor of curbing farm prices." They might even say they do not think they are high enough at present. They might say, as the able Senator from Georgia said a few minutes ago, that the workers ought to be able to pay for the food they eat out of the wages they make.

Mr. President, there is a bit of fallacy which creeps into that position, of which we are sometimes not aware. Those receiving the high wages do not constitute all the consumers of this country. As a matter of fact, there are relatively few of the total number of employed persons who are benefiting from high wages in the way that the war workers in the airplane factories and the shipyards are benefiting.

In September of last year I had in my possession figures which I believe to be accurate when a kindred subject was before Congress. At that time I discovered that in the manufacturing industries, which employ 11,000,000 workers, there had been an increase in wages; in fact, the real average weekly earnings increased 29.8 percent. But, Mr. President, that represented only 11,000,000 workers. Their gross increase was 52.7 percent. If that were true of all workers, then I would be agreeable to seeing agricultural prices go up relatively, or even slightly in excess of a comparable increase in wages. But that is only a part of the picture, for in another group, in the transportation and public-utilities field, the gross weekly earnings increased only 19 percent, and the real average weekly earnings increased only 1.1 percent since 1939. The average hourly earnings increased only 12.9 percent, and the real hourly earnings decreased 4.1 percent.

Mr. President, it is not only the war worker in the shipyard or in the airplane factory who must buy foodstuffs. The group of workers engaged in transportation and public-utility employment must be fed as well, and it has lost instead of gained in the matter of wages.

In trades and related establishments, including shop girls and clerks and storekeepers and others in similar categories, the weekly earnings increased 11.1 percent, and the real average weekly earnings declined 5.6 percent. In other words, in that classification the wages have been reduced a little more than 1½ percent. There has been no increase for that group since 1939.

What about the Government workers? I am not only talking about the Federal employee who receives his 10 or 15 percent increase, but I am talking about those who work for the city or the county or the State. Their salaries and wages have been cut since 1939. Their average hourly earnings increased 4.3 percent, but their real average hourly earnings decreased 11.5 percent. From August 1939 to the summer of 1942 their wages and their salaries therefore diminished.

Mr. President, there is another group which is entitled to our consideration, and that is the group composed of seven

and a half million persons who make less than 40 cents an hour, one-half of whose total income goes to the purchase of food. They, too, have to pay the increase in the cost of foodstuffs.

So what we often forget, and what the farmers often forget, is that when the ceiling price on foodstuffs is increased the increase is not alone being paid by the shipyard worker; or the airplane worker, or the other worker who is in the relatively small group which has received the large wage increase, in many instances disproportionately high, but the increase in food costs has to be paid by every man, woman, and child in the Nation who is a consumer. That is the reason Mr. President, why we can not raise prices for foodstuffs the way all of us would like to raise them.

It may be said, "Very well, does that mean you are not in favor of the farmer receiving a fair price for what he produces, a fair return upon his investment, a fair return for his labor"? Not at all. Nor does it mean that the farmers' income should be limited to what the consumers of the Nation as a whole can afford to pay. That is not a necessary limitation upon the farmer's income. It is not a limitation in England. I imagine most Senators have read the very able articles written by Mr. Walter Lippmann, for whom I have high regard. He pointed out that early in the war the authorities in Great Britain resolved that they would not limit the farmer and the producer to what the consumer was able to pay in wartime. What did they do? They resorted to a form of subsidy to the producer to give him a sufficient return in the first place, and an adequate incentive in the second place.

I wish to see adequate food for the people of this country and for our armed forces abroad as well as at home; I desire that we shall use food as a weapon against the enemy; but we can be assured of an adequate supply of foodstuffs only by giving to the farmer and to the producer not only a fair return, but a sufficient incentive to encourage the venture of food production.

Mr. President, I am not willing to go into all the homes where there have not been wage increases, and say to those who live in them, "You must use the larger part of your gross income to buy milk for your child in order that the farmer may receive a fair return."

A delegation of dairymen from my State have for several days been in conference with my colleague and me. They have been pleading and begging the Government to give a larger return for milk both to the producer and the distributor. One cannot listen to what those men say without being convinced that their cause is just. They tell us that feed costs have increased. They speak about the increase in the cost of labor.

They say farmers are selling their herds, that their herds are being killed for beef, and that they must receive help or they cannot continue to produce milk for the people of Florida. What are we going to say to them? They want 8 cents a gallon increase in the price of milk; 2 cents a quarter. That means that every

baby's milk will cost its mother, its father, or its guardian more money. If all the milk went to the shipyards in Jacksonville and Tampa and Panama City, if it went to the manufacturing workers who receive high wages, I would give the requested increase to the dairymen in a minute, or perhaps an increase of more than 8 cents a gallon. But when the granting of such an increase means that 1,800,000 people must pay more for milk, we face a very serious problem. Yet I do not want to send those men home with no succor whatever.

The chairman of the State war board sent a telegram saying that the dairy industry must receive more money or it cannot remain in business. How can one ignore such a statement by so responsible an officer?

What I said to those men was, "Gentlemen, I am convinced that we must provide some form of subsidy for you in order that you may obtain an adequate return." One of them said, "You know that the payment of subsidy is not an American principle." But, Mr. President, we are engaged in a war, and that has brought about an emergency, and we are doing many other things we do not like to do. We are confronted by the problem as to which of three courses we shall follow, and we cannot ignore it. Either we are going to break the line on ceiling prices for foodstuffs, and wreck the whole Government effort to keep down the spiral of inflation, or we are going to deny to our producers not only a profit but a fair return on their money, or we must lend them some sort of succor or support by means of some kind of Government aid or assistance. I do not know how those questions can be avoided. The question is, Which one of the three is the least objectionable?

I say very readily that I sympathize with the struggle the President has in trying to handle the difficult labor situation. We will not be sitting up there in the White House, as he will be, with his responsibilities in the days and in the nights when conditions will be growing worse. I can even envision a lonely man, another Lincoln, sitting in the White House and wondering with troubled heart and praying for guidance and assistance as he tries to lead, not only his nation, but the world through the ordeal we are facing. But he must handle that problem. We will make it more difficult for him if, when we vote, we prohibit the Office of Price Administration from using the weapon and method of subsidy to handle price control in the United States during the war. For the workers are going to demand more, and the President has that problem on his hands; and it will be aggravated and accentuated if we prohibit the use of subsidies.

So, Mr. President, it seems to me we might as well directly face the issue. Do we want to use the power of the Government by way of subsidy in order to guarantee to the producers an adequate return, and give them an incentive to produce food?

What would be obtained by adopting the Clark amendment as modified? All we would do would be to divest the Gov-

ernment of the subsidy instrument. We would not assure the farmers a price increase. The dairy farmers would not have any assurance that they would get a price increase. The poultry industry, which is making a similar claim, would get no such assurance, either. All we would do would be to tie the hands of the Government, without ourselves taking the responsibility for inflation.

If Congress wants to pass a resolution saying, "We do not believe in holding the line; we desire to see prices rise; we will not let you use the instrument of subsidy as a control"; very well. Then the Office of Price Administration might as well go out of business, and might as well say it had been destroyed by its creator, the Congress. If that is desired to be done, well and good. We have the right to do it; we have the power to do it. However, Mr. President, we are not children. We know the inevitable effect of our acts, or we should know it; and we are held responsible for our acts. If we deny to the O. P. A. the power to use the subsidy as one of the weapons in fighting inflation, it will lose the battle, or our producers will lose a part of their economic hides.

So, depending upon how we vote, we will take the responsibility in one way or the other. If we reject the Clark amendment as modified, what will be the situation? The situation then will be that we can consider the amendment of the able senior Senator from Alabama, speaking for the Committee on Banking and Currency, or we can consider the amendment offered by the able Senator from Wyoming [Mr. O'MAHONEY], who proposes to use a subsidy in another way, or we can consider ideas and suggestions which other Senators may offer.

Personally, I do not favor paying a subsidy to the processor. The farmers believe that they will never get the benefit of a subsidy if its payment is confined to processors alone.

After the Clark amendment is rejected, if it shall be rejected, and when we have a chance to determine what is the best kind of subsidy and the best method of subsidy, I shall vote for that form which will give the subsidy to the producer, personally. I am in favor of doing that. The producer is the man who is getting the assistance under the existing soil-conservation laws. Under the parity payments, the check is given not to the processor but to the man who complies, or to the farmer whose income has not been up to parity.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. AIKEN. Do I correctly understand the Senator to say that he would vote for canceling the regulations already issued by the Defense Supplies Corporation which prohibit the payment of subsidies to anyone who processes less than 1,000 pounds of butter or dresses less than 4,000 pounds of meat a month?

Mr. PEPPER. I certainly do say so, and I hope the Senator will join me in voting to do that.

Mr. AIKEN. I certainly shall. Such assistance should be given to the persons in the lower half of the economic scale.

However, no such arrangement has been made so far; and the agencies confessed to us that they do not see how mechanics could be set up to provide assistance for all the small producers. But that must be done.

Mr. PEPPER. Mr. President, I realize it is difficult to get the assistance to the small producers. Perhaps that is one of the reasons which led the O. P. A. to deal with the large producers. But, again, that is a detail of administration.

If we can give the farmer rural free delivery, soil-conservation payments and parity payments, if we can send allotments to the families of every soldier and sailor that becomes eligible—a number which must total millions—if we can have income-tax returns and victory-tax deductions, if we have a sufficient governmental bookkeeping system to do all those things and many more, I am sure we can work out some administrative machinery which will insure the providing of adequate assistance to the producer by his Government. I commend the Senator from Vermont, for pointing out the necessity for doing that.

Mr. President, I am saying that the power should be placed in the hands of the Government, so that assistance will not be denied to the producers. I am asking the Senate not to adopt the Clark amendment which would completely tie our hands, would condemn the present system of price controls to inevitable failure and destruction, and would throw the whole price administration system into immediate chaos, if our action were joined in by our sister body, the House of Representatives.

If we give the O. P. A. the authority to pay subsidies, it will not go about looking for people who want subsidies. It simply will have that power in its bag—a power it may employ when needed, and when other methods are not available. For instance, consideration might be given to raising the price of milk 1 or 2 cents a gallon. The Office of Price Administration might give the producers a subsidy of 2 cents a gallon and a price increase of 2 cents a gallon, if it thought they were entitled to a total increase of 4 cents. In that way we would simply put another weapon into the hands of the Government in this dangerous warfare against inflation.

If we adopt the Clark amendment we deny to the Government any such power. So, Mr. President, there is nothing un-American about giving such power to the Government. There is nothing inconsistent with our past actions. There is nothing about such a course which would be inharmonious with what we have been doing. There is nothing which would be outside the virtue and the reward of past experience. Such action would not be dissimilar to what the British have been doing, according to our information.

Therefore, I cannot see why there is so much objection and concern on the part of some Members of the Senate at the thought that the power might be continued in the hands of the Government.

I will say in fairness to the O. P. A. that this is not the first time it has asked for help of this sort. I know Congress

has been reluctant to grant it. At the same time we are voting to do a great many things we are reluctant to do. I believe that if the Clark amendment is rejected the able Senators who are members of the Committee on Banking and Currency and other Senators interested in the subject can work out the form of subsidy which is most reasonable and proper, and which will more definitely assure that the subsidy will be received by the persons who are entitled to receive it. However, we cannot go on expecting the O. P. A. to hold the line and expecting producers to get a fair return, and not place in the hands of the Government the power to accomplish those desirable objectives. That power the Clark amendment would take away.

Therefore, Mr. President, I hope that the Government will not be deprived of that essential weapon in this most dangerous war against inflation.

Mr. HILL. Mr. President, I wonder if we can obtain an agreement as to a time to vote on the Clark amendment. I do not wish the Senate to take action at this time, because the Senator from Missouri is temporarily absent from the Chamber. I wonder if it would be possible to agree, if the Senate should take a recess at this time until 11 o'clock tomorrow morning, that at not later than 12 o'clock we will vote on the pending amendment, the amendment of the Senator from Missouri, with the time equally divided between the proponents and the opponents of the amendment. I understand that the Senator from Missouri will return to the Chamber in a moment.

Mr. GUFFEY. Mr. President, I have always been opposed to subsidies, but in the present situation three things confront us as Members of Congress. The first is the problem of winning the war. The second is the problem of securing a just and lasting peace. The third is the problem of preventing inflation. For that reason I have changed my position, and will vote for the proposed subsidy. I believe it should be adopted.

Mr. CLARK of Missouri entered the Chamber.

Mr. GUFFEY. Before proceeding further, I should like to ask the Senator from Missouri [Mr. CLARK] and the Senator from Georgia [Mr. GEORGE] a question. If the Clark amendment should be adopted, what substitute have they to offer for the subsidy program? What program has either of them to offer in this situation? I have been working on the problem for some time with packers and food processors. I wonder if either Senator has any program to offer. I was asked by two or three heads of departments to offer a program. I am frank to say that I have none. I have talked with several distinguished and intelligent leaders of the Senate. They have no program to offer. For that reason I am willing to consider the subsidy program.

Mr. CLARK of Missouri. Mr. President, if the Senator will tell me what he is willing to consider, I shall be glad to listen to his argument. The Senator said he would be glad to consider something.

Mr. GUFFEY. I will vote with the Senator if he has a program.

Mr. CLARK of Missouri. I am interested in what the Senator has to offer.

Mr. GUFFEY. I have no program to offer. I have been thinking about the problem for some time. I have nothing better to offer than a subsidy. I wish to know if the Senator from Missouri or the Senator from Georgia has anything to offer.

Mr. CLARK of Missouri. Is the Senator in favor of a subsidy?

Mr. GUFFEY. I am now; I was not before.

Mr. CLARK of Missouri. If the Senator is in favor of subsidies, that presents a very definite issue.

I believe that an alternate program might be worked out. I am frank to say to the Senator that I do not have such a program at my fingertips at the moment. I think there might be some such system as the Government taking over commodities. Instead of putting a ceiling on agricultural prices, the Government might fix prices on agricultural products and agree to take all agricultural commodities at fixed prices. I am perfectly frank to say that the plan has not been worked out in detail, and I am not prepared to present it.

However, I am very certain that the proposal for subsidies, if adopted, means the end of private enterprise in this country, either as to agriculture or anything else. Therefore, I am against it. It seems to me that the question on which we are to vote in connection with my amendment is the question whether we are going to end private enterprise, so far as agriculture is concerned. If the Senator from Pennsylvania is in favor of ending private enterprise, and allowing Jesse Jones, Prentiss Brown, or anyone else to operate on the subsidy basis without any authority of law, as they now admit they are proceeding, the Senator from Pennsylvania ought to vote against my amendment. If the Senator has a contrary view, as I have, then he should vote for my amendment.

Mr. GUFFEY. I am interested in preventing inflation. I think that is as important as winning the war.

Mr. CLARK of Missouri. I am as much interested in preventing inflation as the Senator from Pennsylvania can possibly be. No later than last October, when the stabilization bill was before the Senate for consideration, I offered a substitute for the bill which would have absolutely stopped inflation.

Mr. GUFFEY. Was it voted upon?

Mr. CLARK of Missouri. Yes; it was voted upon, and the Senator from Pennsylvania voted against it.

Mr. GUFFEY. I have forgotten what it was. What was the nature of the substitute?

Mr. CLARK of Missouri. The Senator's memory is very short. It was a very simple proposal. Instead of leaving it to the War Labor Board, on one side, and Mr. Leon Henderson on the other side, to pull against each other, I would simply have frozen wages and prices at the highest point reached between January 1 and September 15, 1942. That is the point to which the President, through

Mr. Justice Byrnes, has been trying to beat back to through his recent stabilization order.

The Senator from Pennsylvania voted against my substitute. There were only about 20 votes in favor of it, but at that time the Senator from Pennsylvania was not so much interested in stopping inflation as he apparently now is.

Mr. GUFFEY. I am interested now.

Mr. CLARK of Missouri. I, too, am very much interested. Let me say to the Senator that I have been very much interested from the very beginning. When the price-fixing bill came before the Senate, I knew that it would not be effective unless it should provide for over-all control. At that time I talked with Mr. Leon Henderson, and he entirely agreed with me. He entirely agreed with the views which had been previously expressed by Mr. Bernard Baruch, who was probably the ablest authority in the country at that time—and still is—on the subject of inflation.

Mr. GUFFEY. I agree with the Senator in that statement.

Mr. CLARK of Missouri. Mr. Henderson said that he agreed 1,000 percent with me, but that he was under obligation to carry out the policies which might be approved by the "Big Four." At that time the "Big Four" were the Vice President, the Speaker of the House, the majority leader in the Senate, and the majority leader in the House. Mr. Henderson stated that he entirely agreed with the over-all control theory expressed by Mr. Baruch, but that he was not a free agent in the matter. I advocated that very principle on the floor of the Senate. However, I did not receive any support from the Senator from Pennsylvania.

Mr. GUFFEY. I will not deny that the Senator did not receive support from me. Perhaps I was mistaken then. When I make a mistake I am willing to admit it.

Mr. CLARK of Missouri. I am glad to welcome the Senator from Pennsylvania as a very belated recruit.

Mr. GUFFEY. In opposition to inflation.

Mr. CLARK of Missouri. I am very happy to welcome the Senator from Pennsylvania as a very late recruit in the fight against inflation.

PROPOSED REPAIRS TO THE SENATE CHAMBER

Mr. GUFFEY. Mr. President, I have been a Member of this body for 8 years. During that time I have learned one thing. What is everybody's business is nobody's business. Now that we are about to take a vacation for a month or two, I think it is time, when we have such a large attendance, to discuss the acoustical properties of the Senate Chamber.

For 8 years I occupied a seat in the rear row on this side of the Chamber. For the first 5 years I could hear everything. I could even hear everything the mild-mannered and soft-spoken minority leader, Mr. McNARY, said on the other side of the Chamber.

Later the air circulation system in the Chamber was changed to increase the volume of air for cooling purposes. That

very noticeably changed the acoustical properties of the Chamber. I moved my seat nearer to the front, hoping that that would enable me to hear better. It did not. I became worried about my hearing, and went to the best experts in Baltimore for a consultation. I consulted the leading aurists there, and found that my hearing had not changed over a period of years.

Then the steel work was erected overhead. Again the acoustic conditions of the Chamber were perceptibly changed.

About a year ago the distinguished senior Senator from Florida [Mr. ANDREWS] presented a report of a special committee which recommended a program for improving the acoustic properties of the Senate Chamber. I should like to have that report produced again. I do not know whether the Senator has it here now. The work recommended to be done would cost some money, and it would take some time, but I think it should be done during the coming vacation. That would be a good time to do it. I shall ask the senior Senator from Florida to present the report again, at his first opportunity. If the repairs were made in accordance with the recommendations contained in the report, I am sure we would be able to hear what was being said in the Senate Chamber, and would not have constantly to call for order. If the acoustical properties of the Chamber were improved we would have better order in the galleries. I believe the plan to which I refer would produce the desired result. About 5 years ago I offered two such plans but the Senate was not interested. The execution of one plan would have cost approximately \$25,000; of the other, approximately \$30,000. Either would have improved conditions to some extent. The plans I offered were submitted before the steel work was erected to support the ceiling of the Chamber.

I hope the senior Senator from Florida will again present the report of the special committee, because I think it is important that the acoustic properties of the Senate Chamber be improved.

CONTINUATION OF COMMODITY CREDIT CORPORATION

The Senate resumed the consideration of the bill (S. 1108) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and to provide for an audit by the General Accounting Office of the financial transactions of the Corporation, and for other purposes.

Mr. CLARK of Missouri. Mr. President, I ask unanimous consent that when the Senate concludes its business today it take a recess until 11 o'clock tomorrow morning, and that it be agreed that a vote shall be taken on the amendment I have offered, and all amendments thereto, at not later than the hour of 1 o'clock p. m. I will include in my unanimous-consent request a request that the time be divided equally, one half to be controlled by the Senator from

Alabama [Mr. BANKHEAD] and the remaining half to be controlled by myself.

The VICE PRESIDENT. Is there objection?

The Chair hears none, and it is so ordered.

EXECUTIVE SESSION

Mr. HILL. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

The VICE PRESIDENT. If there be no reports of committees, the clerk will state the nomination on the calendar.

POSTMASTER—ETHEL G. WOMBLE

The legislative clerk read the nomination of Ethel G. Womble to be postmaster at Goldston, N. C.

Mr. HILL. I ask unanimous consent that the nomination be confirmed.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

Mr. HILL. I ask that the President be immediately notified of the confirmation of the nomination.

The VICE PRESIDENT. Without objection, the President will be notified forthwith.

RECESS

Mr. HILL. I move that the Senate take a recess until tomorrow at 11 o'clock a. m.

The motion was agreed to; and (at 6 o'clock and 33 minutes p. m.) the Senate took a recess, the recess being under the order previously entered, until tomorrow, Saturday, June 26, 1943, at 11 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate June 25 (legislative day of May 24), 1943:

UNITED STATES ATTORNEY

Joseph T. Votava, of Nebraska, to be United States attorney for the district of Nebraska. Mr. Votava is now serving in this office under an appointment which expired May 23, 1943.

Horace Frierson, of Tennessee, to be United States attorney for the middle district of Tennessee. Mr. Frierson is now serving in this office under an appointment which expired March 4, 1943.

UNITED STATES MARSHAL

George E. Proudfit, of Nebraska, to be United States marshal for the district of Nebraska. Mr. Proudfit is now serving in this office under an appointment which expired January 26, 1943.

Reuben Gosnell, of South Carolina, to be United States marshal for the western district of South Carolina. Mr. Gosnell is now serving in this office under an appointment which expired June 2, 1943.

POSTMASTERS

The following-named persons to be postmasters:

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

[The matter referred to appears in the Appendix.]

PRICE ROLL-BACKS AND SUBSIDIES

Mr. DONDERO. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. DONDERO. Mr. Speaker, the proposal to roll back prices and reduce the cost of living and then vote a subsidy on the backs of the American taxpayers is just one way of deceiving the people of this country. Living costs will be more, not less. Bonds must be sold, money borrowed, interest paid, and administration costs added. How long must we of this generation ask the future generations to pay for the undeserved ease of our day? It means shifting our obligation to the backs of the soldiers now fighting our battles when they return. If the people of this country, when wage scales and the national income are the highest in the history of the Nation, are unable to pay for butter, coffee, meat, and for food at decent prices to the producer, when will they be able to pay for it?

This morning I received a telegram from two farmers' organizations in my district, the Oxford Cooperative Elevator Co. and the Oakland County Farm Bureau, both saying this:

Farmers and farm leaders are emphatically opposed to any roll-back in farm prices. So much unfavorable publicity from Washington. Absence of guaranty of stabilized profitable returns to agriculture when labor and industry are taken care of is interfering with crop production. Office of Price Administration regimentation is resented.

FRED G. BEARDSLEY,

President, Farm Bureau, Oakland County.

RAY E. ALLEN,

Secretary, Oxford Cooperative Elevator Co.

Give the farmer a decent price for his products in the market place and there will be no necessity for subsidies. He is opposed to accepting a Government dole and forever forcing him to remain an object of charity.

Subsidy will discourage the production of food. Let the income of those who till the soil be brought in line with national income.

EXTENSION OF REMARKS

Mr. H. CARL ANDERSEN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an editorial entitled "Subsidy Is All Wrong," written by Mr. J. C. Morrison, of Morris, Minn., one of the leading editors of the Northwest.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

[The matter referred to appears in the Appendix.]

PERMISSION TO ADDRESS THE HOUSE

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to ad-

dress the House for 1 minute and to revise and extend my remarks and include therein an editorial by Mr. Arthur Krock in the New York Times of today.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

[Mrs. ROGERS of Massachusetts addressed the House. Her remarks appear in the Appendix of today's RECORD.]

EXTENSION OF REMARKS

Mr. DIRKSEN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include a brief editorial.

The SPEAKER. Is there objection?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. BROOKS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include two short newspaper articles commending the Women's Army Auxiliary Corps.

The SPEAKER. Is there objection?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to extend my remarks in the Appendix by including a very interesting article appearing in the American Mercury of March 1942, written by Hon. Thurman Arnold, entitled "How Cartels Affect You."

The Speaker. Is there objection?

There was no objection.

[The matter referred to will appear hereafter in the Appendix.]

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include an article from the National Grange.

The Speaker. Is there objection?

There was no objection.

[The matter referred to will appear hereafter in the Appendix.]

EXTENSION OF COMMODITY CREDIT CORPORATION

Mr. SABATH. Mr. Speaker, I call up House Resolution 270, which I send to the desk and ask to have read.

The Clerk read as follows:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 2869, a bill to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes. That after general debate, which shall be confined to the bill and shall continue not to exceed 3 hours, to be equally divided and controlled by the chairman and the ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendments under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto

to final passage without intervening motion except one motion to recommit.

Mr. SABATH. Mr. Speaker, I yield the usual 30 minutes to the gentleman from Michigan, and shall take 5 minutes myself.

This rule makes in order H. R. 2869, providing for the continuance of the Commodity Credit Corporation for an additional 2 years. It increases the amount heretofore authorized by \$500,000,000. From the evidence before the Rules Committee there is no objection to the bill, and to the continuance of the Corporation, because all seem to appreciate the tremendous work which has been done and the good that has been accomplished for agriculture by this Corporation and for the country in general.

There is some objection to section 6, which contains certain restrictions that have been placed on the Corporation. That section reads as follows:

SEC. 6. In order to prevent the funds of the Commodity Credit Corporation or any other Government agency from being used for the payment of subsidies to maintain maximum prices for agricultural commodities or for commodities processed in whole or in substantial part from agricultural commodities, no maximum price shall be established or maintained under any law for any such commodity below a price which will reflect to the producers thereof, in the market place, the support price therefor announced by the Secretary, or below the higher of the maximum prices provided in section 3 of Public Law No. 729, approved October 2, 1942, as amended, except that nothing in the foregoing provisions shall be construed to prevent the selling of wheat for feeding purposes if sold at not less than the parity price of corn nor to prevent such adjustments in the price supports and price ceilings on competitive oils and fats as may be required to bring about or to maintain the necessary relationship in the prices of such products that is required to assure adequate production for the war effort. Agreements made by the Commodity Credit Corporation prior to the enactment of this act shall not be affected by this section until 60 days after the date of enactment of this act.

I do not know whether the committee has acted wisely, but it is up to the House to pass on that section.

There is also some disagreement I think on section 7, which reads as follows:

SEC. 7. Such modifications shall be made in maximum prices established under the Emergency Price Control Act of 1942, approved January 30, 1942 (Public Law No. 421, 77th Cong.), and an act to amend the Emergency Price Control Act of 1942 to aid in preventing inflation and for other purposes, approved October 2, 1942 (Public Law No. 729, 77th Cong.), for any agricultural commodity and for commodities processed or manufactured in whole or substantial part from any agricultural commodity, as the War Food Administrator determines are necessary to secure an adequate production of such commodity for war purposes.

The disagreement was with respect to the interpretation of the word "modification" bearing on maximum prices; that is, that there should be other verbiage used to make it clearer. This is a minor clarification that will and can be perfected in the House.

The bill I know is favored by both the majority and the minority, and I feel

there should not be a great deal of trouble and time taken in passing it.

In that connection I wish to state, however, that I understand the Commodity Credit Corporation has acquired tremendous quantities of corn, cotton and other articles, which are still in the warehouses, and I feel that these commodities, without affecting the market, should be released, or the loans called. I am informed that my friends, the corn farmers, refuse to sell, because they can get more for their corn now in the black market. Many farmers need the corn to feed the hogs, and it is bringing, as they claim, about \$1.40 a bushel. I think it is manifestly unfair that the corn farmers, who have been aided and assisted by this Administration and by this Congress and the Congresses that have gone before, should now, when there is a shortage of corn, go to the extent of refusing to sell the corn they now hold.

The SPEAKER. The time of the gentleman from Illinois has expired.

Mr. SABATH. Mr. Speaker, I shall take 2 additional minutes. Mr. Speaker, I come from a corn State, and I think that all of the friends among the corn farmers should inform them that they are not making any friends here by being unfair, unjust and unreasonable, in withholding the corn from the market.

I believe if the loans were called by the Corporation, a great deal of this corn would be released and conditions relieved. Of course, I think if you would restrict the price of hogs and cattle, this corn would not bring \$1.40 in the black market. Furthermore, the O. P. A. has raised prices on meat, but has refused to put a price on cattle and hogs, and there a mistake has been made.

I think it is not too late now to take action and that a ceiling price should be placed on cattle and hogs. Cattle and hogs that were selling in 1932 at 3 cents a pound are now selling for 15, 16, and 17 cents a pound—500 percent higher than they were selling for then, and perhaps 150 percent higher than in 1939. So I feel something should be done in the interest of the consumer and in the interest of those who have not received increases in their salaries and wages and whose cost of living has gone up all the way from 50 to 100 percent. These people cannot stand it much longer, and difficulties are liable to ensue unless these matters are adjusted.

Mr. Speaker, I reserve the remainder of my time and yield 30 minutes to the gentleman from Michigan.

Mr. MICHENER. Mr. Speaker, it is regrettable that the distinguished chairman of the Rules Committee, the farmers' friend from the cornfields of Chicago, feels called upon to so severely castigate all American farmers by accusing them of unethical, unpatriotic, and illegal conduct in causing, making, and maintaining a black market for meats.

He entirely overlooks the fact that the administration has called upon the farmers to produce more meat, especially cattle and hogs. He also overlooks the fact, or perchance may not be familiar with the fact, that the farmers' corn, fed to

the livestock, produces the meat food that the farmers have been urged to supply. The great mass of farmers do nothing to create or support a black market. All the farmer wants is a fair price in the market place, and what, Mr. Chairman, is so wrong about that?

Surely, Mr. Chairman, you would not ask the farmers to produce meat at a loss in order that your consumers in Chicago may buy more cheaply. Surely, you would not expect the farmers to place their corn on the market at a less price than it cost them to produce, and at a less price than they could receive by selling that same corn in meat at the same market.

The implication of the chairman's remarks is that the food producers should subsidize the chairman's consumer constituents in Chicago. Well, of course, while most labor in war industry is today receiving unheard-of compensation and is abundantly able to pay for its food at a much higher price, yet we are all mindful of the school teachers, the clerks, and the white-collar employees who have had no increase in wages but who must buy their food in the same market with the high-salaried war worker.

There is a problem here that is very difficult to solve and some method must be found to adjust these inequalities. It will not help any, however, to shout "wolf" at the farmer and accuse him of maintaining a black market at the expense of those who must buy food. We are all human. The consumer would like to buy as cheaply as possible and, by the same token, the farmer would like to get as high a price as possible. In wartimes, each group must make concessions, and in doing so must not charge bad faith or misconduct on the part of the other.

My respect and affection for my chairman are such that I want to believe that his remarks were inadvertently made, and that when he thinks it over he will soften up a little in his condemnation of the great class of food producers to whom our country and, in fact, the world at large, owe so much today.

Mr. SABATH. Mr. Speaker, will the gentleman yield?

Mr. MICHENER. I am sorry, but all time has been promised. I now yield 10 minutes to the gentleman from Kansas [Mr. HOPE], who by common consent is always authorized to speak for the farmers of the country on matters affecting their industry.

Mr. SABATH. Will the gentleman yield for a correction?

The SPEAKER. The gentleman from Kansas [Mr. HOPE] is recognized for 10 minutes.

Mr. HOPE. Mr. Speaker, I want to discuss only one phase of the legislation which is embodied in this bill. I refer particularly to section 6 relating to subsidy payments. I have in mind especially the subsidy payments which have been lately put into effect on meat and butter, the so-called roll-back subsidies. The argument that is made by those who are advocating subsidies of that type is that they are necessary in order to absorb the increased cost of living, par-

ticularly the increased cost of food. The proponents of those subsidies say in effect that we stabilized wages last September, but we did not stabilize prices. As a matter of fact, we did not stabilize either of them. Prices have gone up some and wages have gone up some since last September.

I placed in the RECORD day before yesterday some figures compiled by the Library of Congress, showing the increase in wages, both hourly and weekly wages, since last September 15, and also the increases in the cost of living. I think if we are going to adopt the theory that we are to roll prices back to September 15, then in all fairness, if we are going to deal with the question of inflation, we must also roll wages back to the same date. Unless we do we are increasing the inflationary gap and bringing the perils of inflation nearer and nearer.

I do not want to go into that question any further at this time. I do invite your attention to these figures which you will find in the RECORD for Wednesday. They show that wages on the average have increased as rapidly as the cost of living since last September.

I want to consume the remainder of my time in discussing some figures which are contained in a publication by the Bureau of Agricultural Economics, entitled "The Marketing and Transportation Situation." I call attention particularly to the figures contained in this document which compare that portion of the consumer's income spent for food at the present time and at different periods in the past. I am going to get permission to put in the RECORD the table to which I am referring at this time.

I call attention particularly to the fact that at the present time, that is, for March 1943—these are the latest figures available—American consumers spent 21 percent of their income for food. That is the smallest percentage of income with the exception of 2 or 3 months last year and at the beginning of this year, that we have ever spent in this country for food. In January and February of this year and during 2 or 3 months last year, the percentage dropped down to 20 percent. I am told on reliable authority that in England, which we are asked to adopt as a model as far as subsidies are concerned, the consumers spend 60 percent of their income for food.

Let me also call attention to this fact, that the 22 percent of the consumer's income which now goes for food includes recent increase in the standard of living, because if we will take, as shown in this table, the quantity of food which the average consumer purchased during the period from 1935 to 1939, if he bought that same quantity and quality of food today he would be expending only 16 percent of his present income. So that he has improved his standard of living during the period from 1939 to the present time because he is now spending 22 percent of his income for food.

Let me call your attention also to comparative figures as to income and expenditures for food between September 1942, which is the date to which we are

going to roll prices back if we adopt the theory of the proponents of that policy, and March 1943. The total average income in this country in September 1942 was \$883. That was the per capita income. In March 1943 it was at the rate of \$1,012 annually, or \$129 more. The per capita cost of food in September 1942 was \$178. In March 1943 it was \$208, an increase of only \$30, whereas wages and salaries have increased \$129 during that same period of time.

In view of that situation it seems to me that any argument that we should roll back prices of food products to September 1942 or any earlier date does not stand up for a minute. If we have any idea of preventing inflation certainly we do not want to adopt any program which, by its very nature, can only be inflationary, because it adds to the purchasing power of the consumer by reducing the price he pays, while in no way reducing the income which he receives, and which has been constantly increasing since the war period began.

I do not want to say that I am opposed to all types of subsidies. There are some which I think are helping in bringing about an increased production. There are some of them which have been put into effect in order to aid the war effort

in the production of strategic materials, but there is a clear distinction between those subsidies which have been put into effect in order to bring about increased production and those which are simply a roll-back of prices on the theory that prices have advanced more rapidly than wages. I think if we will keep that distinction in mind there should be no difficulty in determining what types of subsidy will assist and contribute to the war effort and what types will fail to make that contribution, but bring about inflation.

The SPEAKER pro tempore (Mr. RAMSPECK). The time of the gentleman from Kansas has expired.

Mr. FISH. Mr. Speaker, I yield the gentleman 1 additional minute.

Mr. BARRY. Will the gentleman yield?

Mr. HOPE. I yield.

Mr. BARRY. If prices have advanced more rapidly than wages—and I do not agree with the gentleman's figures—would he then be in favor of the roll-back or reduction without subsidies?

Mr. HOPE. No; I would not, because I do not think we can increase our standard of living in time of war. All this idea that you have to roll back prices, if they

get a little ahead of wages, is based on the theory that we can increase our standard of living at a time when two-thirds of our national energy is devoted to carrying on the war, instead of producing for consumption. Under these circumstances a lowering of our living standards is inevitable. We can put off the evil day but we cannot prevent it. You cannot do it.

Mr. BARRY. I call the attention of the gentleman to the fact that two Sundays ago in the New York Times appeared a chart which was put out by the Labor Department which indicated that since January 1941 food prices have increased 40 percent and wages have only increased half of that, or a differential of 20 percent.

Mr. HOPE. Food prices are only a part of the cost of living; these figures also considered everything coming under the cost of living. As shown by the figures already quoted, only 21 percent of consumer income goes for food. A large increase in food prices might mean only a small increase in the total cost of living. Attached herewith is the table referred to from the Bureau of Agricultural Economics publication, the marketing and transportation situation:

TABLE 1.—Food cost and expenditures compared with total and disposable income per person, United States average, specified periods

Year and month	Total income ¹	Disposable income ¹	Total expenditures for consumers goods and services ¹	Food expenditures				Cost to consumer of fixed quantities of foods representing average annual consumption per person, 1935-39			
				Actual ¹	As percentage of—			Actual ²	As percentage of—		
					Total income	Disposable income	Total expenditures for goods and services		Total income	Disposable income	Total expenditures for goods and services
	Dollars	Dollars	Dollars	Dollars	Percent	Percent	Percent	Dollars	Percent	Percent	Percent
1913.....	340							95	23		
1914.....	333							100	30		
1915.....	393							101	26		
1916.....	477							115	24		
1917.....	471							147	31		
1918.....	542							166	31		
1919.....	579							192	33		
1920.....	623							201	32		
1921.....	506							142	23		
1922.....	531							138	26		
1923.....	599							144	24		
1924.....	610							143	23		
1925.....	645							155	24		
1926.....	659							155	24		
1927.....	655							150	23		
1928.....	661							150	23		
1929.....	679	655	583	156	23	24	27	149	22	23	26
1930.....	595	574	527	143	24	25	27	139	23	24	26
1931.....	500	480	437	120	24	25	27	112	22	23	26
1932.....	380	366	345	94	25	26	27	92	24	25	27
1933.....	368	354	341	91	25	26	27	93	25	26	27
1934.....	418	403	377	100	24	25	27	105	25	26	28
1935.....	460	442	410	105	23	24	26	116	25	26	28
1936.....	531	508	461	113	21	22	25	115	22	23	25
1937.....	561	536	485	119	21	22	25	119	21	22	25
1938.....	509	484	451	113	22	23	25	108	21	22	24
1939.....	541	517	471	114	21	22	24	106	20	21	23
1935-39 average.....	520	497	456	113	22	23	25	113	22	23	25
1940.....	579	554	497	121	21	22	24	107	18	19	22
1941.....	692	662	560	140	20	21	25	121	17	18	22
1942.....	857	807	612	176	21	22	29	144	17	18	24
Annual rates by months, seasonally adjusted											
1942:											
January.....	778	744	617	168	22	23	27	134	17	18	22
February.....	786	751	591	160	20	21	27	136	17	18	23
March.....	795	759	554	162	20	21	29	138	17	18	25
April.....	815	778	591	165	20	21	28	139	17	18	24
May.....	825	785	639	171	21	22	27	140	17	18	22
June.....	844	802	589	169	20	21	29	142	17	18	24
July.....	859	813	615	179	21	22	29	143	17	18	23
August.....	875	824	631	182	21	22	29	145	17	18	23
September.....	883	828	610	178	20	21	29	145	16	18	24
October.....	905	845	652	196	22	23	30	149	16	18	23
November.....	937	870	628	184	20	21	29	151	16	17	24
December.....	958	887	631	193	20	22	31	153	16	17	24

See footnotes at end of table.

TABLE 1.—Food cost and expenditures compared with total and disposable income per person, United States average, specified periods—Con.

Year and month	Total income	Disposable income	Total expenditures for consumers for goods and services	Food expenditures				Cost to consumer of fixed quantities of foods representing average annual consumption per person, 1935-39			
				Actual	As percentage of—			Actual	As percentage of—		
					Total income	Disposable income	Total expenditures for goods and services		Total income	Disposable income	Total expenditures for goods and services
Annual rates by months, seasonally adjusted											
1943:	Dollars	Dollars	Dollars	Dollars	Percent	Percent	Percent	Dollars	Percent	Percent	Percent
January.....	971	895	659	195	20	22	30	155	16	17	24
February.....	992	911	688	202	20	22	29	157	16	17	23
March.....	1,012	915	629	208	21	23	33	162	16	18	26

¹ Calculated from data prepared in the Bureau of Foreign and Domestic Commerce. Total income is national income payments to individual per capita of United States population, including all armed forces. This average is approximately equal to income per capita of civilian population, differing by less than 1 percent in 1942. Disposable income is total income less direct personal taxes. Total expenditures for goods and services are averaged over United States population excluding armed forces abroad. Actual food expenditure is total amount spent for foods (excluding alcoholic liquors) in retail stores, eating places, and elsewhere, plus allowance for value of home-produced foods, per capita of United States civilian population. This expenditure reflects changes in quantities and types of foods purchased and in payments for preparation, service, and entertainment at eating places in addition to changes in food prices.

² Cost to consumers of quantities of foods representing average annual consumption per person during 1935-39 is calculated by taking as a 1935-39 base the actual food expenditure for that period (\$113) and applying to this base cost the changes in a United States average consumers' food price index. The latter index is a weighted average of indexes representing (1) retail food prices in 51 cities (U. S. Bureau of Labor Statistics); (2) retail food prices in other cities and towns; and (3) prices received by producers applied to foods consumed on farms where produced. This series reflects the part of changes in food cost due solely to changes in food prices.

³ These percentages show what share of consumers' income would be required to purchase identical quantities of the same foods (1935-39 average consumption) at prices prevailing during each year and month.

The SPEAKER. The time of the gentleman from Kansas has expired.

Mr. FISH. Mr. Speaker, I yield 6 minutes to the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN].

THE WOLCOTT AMENDMENT

Mr. AUGUST H. ANDRESEN. Mr. Speaker, in my opinion the roll-back and subsidy program which has been announced by the administration is a fraud on the American people. It is proposed to save each individual consumer in the United States 5 cents a pound on butter, and since each person is allowed 12 pounds of butter a year, that saving will be 60 cents a year per individual, or not enough to pay for a ticket to a movie in downtown Washington.

It is proposed to save the consumers 3 cents per pound on meat or 6 cents a week, about \$3 a year. And, in addition, it is proposed to save 3 cents a pound on coffee; you are allowed 12 pounds of coffee a year, with a saving of about 36 cents. In other words, a total saving of \$3.92 per individual.

Mr. COLE of Missouri. Mr. Speaker, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield to the gentleman.

Mr. COLE of Missouri. Would the gentleman tell us what it would cost to administer this subsidy program per individual?

Mr. AUGUST H. ANDRESEN. It is estimated that the total subsidy will be \$450,000,000; it will cost at least another \$50,000,000 to administer; that will be a total of \$500,000,000. The Government must sell bonds in order to raise the money to pay the subsidy, and if we assume that these War Savings bonds draw 2.9 percent interest, and we further assume that they will run for 50 years, if you calculate your interest on those bonds for that 50-year period, you have a total of \$725,000,000 in interest, plus \$500,000,000 subsidy at the end of the 50 years. In other words, you have got to

pay \$1,225,000,000, which will be \$9.15 for each individual who saves \$3.92 in the year 1943 on his grocery bill.

Furthermore, I doubt very much if 10 percent of the membership of this House will be living at the time the bonds are paid, which means that our children and our grandchildren will be called upon to pay the \$9.15 of the grocery bill so that you and I could save \$3.92 in 1943.

Mr. HOPE. Mr. Speaker, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield to the gentleman from Kansas.

Mr. HOPE. The gentleman has told us how little the benefit will be to each individual, but if the bill is put into effect, and continues in effect, with the present roll-back plan, does not the gentleman understand it is the purpose of these proposers of this subsidy plan to expand it greatly so that the total cost might be as much as \$4,000,000,000 or \$5,000,000,000 a year?

Mr. AUGUST H. ANDRESEN. If it should be expanded, as has been suggested, they will need about \$2,000,000,000 for subsidy, and assuming they get the \$2,000,000,000 for subsidies they will save each individual \$12 in the year 1943, or any 12-month period, and when the bonds are paid off 50 years from now each individual who saved \$12 in the year 1943 will be called upon to pay back \$36 in interest and principal to liquidate the bonds.

Mr. H. CARL ANDERSEN. Mr. Speaker, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield to the gentleman.

Mr. H. CARL ANDERSEN. Mr. Speaker, would it not be correct to say that the roll-back will be upon our grandchildren?

Mr. AUGUST H. ANDRESEN. There is no question about it. As I said before, very few of the people now living will be alive when these bonds are to be paid.

Mr. COLE of Missouri. Will the gentleman yield for another question?

Mr. AUGUST H. ANDRESEN. I yield to the gentleman.

Mr. COLE of Missouri. It will also fall upon the soldiers, on the boys who are fighting to preserve this country.

Mr. AUGUST H. ANDRESEN. That is right; it will fall upon the soldiers and our children, and their children will be called upon to pay for the folly of 1943.

Mr. BURDICK. Mr. Speaker, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I am sorry; I would like to, but I only have a few minutes.

I went to a country school, and I learned my arithmetic the same as most of you in the old-fashioned manner. I learned that 2 and 2 make 4, and 3 and 3 make 6, but last night when I heard Prentiss Brown make a radio speech I was amazed to hear advanced a new theory in the higher realms of calculation. Mr. Brown stated, and I quote:

The roll-back subsidy program on meat and butter will save consumers between two and three dollars for every dollar paid, and the Government at least will save two dollars. This program will pay off in hard dollars and cents at the rate of 4 or 5 to 1.

And he says that on some of the things the "saving will be higher. This is sound Government finance."

That is what Mr. Brown says, and that is the end of the quotation.

No doubt Mr. Brown got this fanciful, complicated scheme of higher mathematics from the same men who figured out that an obligation does not make any difference; it does not make any difference how big our national debt is if we owe it to ourselves. So, I assume that is following the same philosophy, and also the philosophy of those who are spending the taxpayers' money, who consider that it is sound Government finance to subsidize and pay a part of

your grocery bill on borrowed money, to be finally paid by future generations.

Mr. Speaker, I am supporting the Wolcott amendment because I am convinced that the roll-back and subsidy scheme is a mistake and a fraud against the American people. This amendment, if adopted, will materially help to stop inflation which now threatens our country. The enactment of the amendment will not increase the cost of living, if officials administer and enforce the law according to the intent of Congress.

The roll-back and subsidy scheme has brought a food crisis in our country, encouraged black-market operations, and is rapidly breaking down our system for the distribution of food. Food stores, processors, and distributors are being forced out of business because they cannot get supplies. All at a time when we possess the largest supplies of beef cattle, hogs, and milk products in the history of our country. The situation is particularly serious in the processing and distribution of meat. The O. P. A. refuses to recognize that an error has been made in the handling of meat and dairy products. Unless prompt action is taken to remedy the situation, it will be difficult for the men in the armed forces to secure meat, to say nothing about a supply for lend-lease and civilian requirements. I am convinced that the adoption of the Wolcott amendment and the Fulmer bill to coordinate all food administration under one head, will go far to correct the present difficulties.

It will take men of experience to straighten out the meat problem and undo the damage already done in the distribution of this vital food. It appears that the administration does not desire to utilize the services of men who have spent a lifetime in the business of processing and distribution of meat and other foods. The administration prefers inexperienced men to shape and administer the Nation's food policies.

Mr. Speaker, one of the outstanding meat processors of the country is a constituent of mine. He is Mr. Jay C. Hormel, of Austin, Minn. He has spent a lifetime in the meat business and knows what he is talking about. I asked Mr. Hormel to appear before the House Committee on Agriculture this morning to propose a plan for the solution of our difficulties in the distribution of meat. Several members of our committee have asked me to place Mr. Hormel's splendid and practical suggestion in the RECORD for other Members of Congress and the country to read. I believe it a good and simple plan which should be put into operation, and under leave granted me I am including Mr. Hormel's suggestion as a part of my remarks:

A WORKABLE PLAN TO SOLVE THE MEAT
DISTRIBUTION PROBLEM

(By Mr. Jay C. Hormel, of Austin, Minn.)

I think the American public would be shocked if people knew how bad the meat situation really is.

It is time they are shocked. The situation is worse than we have been told.

For example, the headline in the Chicago Tribune on Friday, June 18, read: "More Pork For Civilians! Army Will Get Larger Share of Beef Store." That is not the truth.

It is not true that the civilian population is going to get more pork. The production of pork meat now is at a seasonal peak and yet, even today, the Government is not getting as much pork as it wants. A worse truth is that in spite of the scarcity of beef on the domestic market, our armed forces are short of beef they need to eat. The way the meat situation is being handled, the Army will not get a larger share than it is getting now.

At the same time, there is a right way to handle this meat situation to give the Army what it needs, to give lend-lease all we can spare them, and to distribute the civilian supply fairly.

A statement entitled "A Program for Solving Wartime Meat Problems" has been issued by the Livestock and Meat Council, which consists of 99 national, regional, and State associations and organizations of the livestock and meat industry. This statement tells what will work and what won't work.

Its principles have been accepted by the Government. The War Meat Board was established for the purpose of carrying out that meat management program.

It was written by committees consisting of nearly three hundred people fairly representing all phases of the meat and livestock industry.

The only trouble with the plan today is that it is not being used.

For example, The Army surely is short of beef. Surely something must be done about it.

What does the meat management plan say to do?

It says to ask the civilian population to use less beef. How do you ask them? By increasing the point value of beef. And, at the same time, explaining why point values are raised.

Then what happens? You and I respect our ration coupons because we know the reason for them. Because of the increased point value, we cut down on the amount of beef we use. That leaves more beef in the hands of the packers. If you and I don't buy it, they look at the only other customer they have, which is the Army. In that way the Army quickly and surely gets its beef. That would be the right way to do it.

But now let's see what actually has happened during the last 2 weeks. The Government called together a group of beef men. They said, in effect, "This is an emergency. The Army is short of beef. What emergency steps can we take?" At that point the Government people and the industry people forgot about their meat management plan and undertook a make-shift. They quickly calculated what portion of the beef the Army needed. Then they issued orders to the packers simply taking that amount of beef.

That sounds like direct action. They knew what they wanted, so they reached right out to get it. But they didn't get it. The reason is they went at it the wrong way. They didn't follow the meat management plan. In the first place, they didn't tell you and me what they were trying to do. So you and I, the consumer, couldn't help them a bit.

Even if they had told us what they were trying to do, they didn't tell us how we could help. We still had our ration tickets which said any time we felt like spending 12 points for a pound of round steak, all we had to do was hunt up the butcher who had the round steak.

Now, the Government can use only Government-inspected beef. That is the law. So, this "take" order, or "set-aside" order as it is known officially, applied only to Government-inspected packers. If you happened to be trading with a retailer who handled Government-inspected meats, the chances are he was out of round steak the day you came in, because the Government

already had taken 45 percent of the packer's supply. That forced the retailer to look for some other packer for his beef. That made a new customer for that other packer. If that other packer bought one extra bullock to take care of that new customer, there was one less live bullock to be offered for sale. If there were one less live animal for sale, that meant the Government-inspected houses slaughtered one less. It wasn't your fault, because nobody had told you that 45 percent of that round steak you bought was supposed to go to the Army.

It seems clear enough that the way to get meat for the Army is to get you and me not to buy the meat which the Army needs. That seems simple enough.

That is a basic part of the meat management plan. Of course, that is not all there is to it. Altogether, the meat management plan has four jobs to do.

1. Supply all the meat which the armed forces need.

2. Supply the full amount of meat allowed for lease-lend.

3. Take the meat to the ration tickets, so that after you have been told how many tickets you can spend and what the point prices are, you can spend your tickets as you want to.

4. Maintain the meat price levels which administration policy determines.

The plan is simple—let supply and demand do all these jobs.

Fortunately, the use of supply and demand to do these jobs is simple, also.

If we weren't interested in price levels, the meat management plan simply would be to let natural forces work as they always have worked. The prices on things we wanted most would go sky high and when the price on that round steak got too high to suit us, you and I would decide not to buy and the Army would get all it needed.

We have a new name for high prices. We call it inflation. We decided we didn't want inflation, so we set out to control prices. We still have to stick to supply and demand, so this time we use ration tickets to control the demand.

If you have 16 points a week and you are buying more than your share of round steak at 12 points, the way to handle the situation is to make round steak 14 points or 16 points or 32 points or whatever is necessary so you and I leave enough round steak for the Army.

In the same way, we use the ration point values to get enough of all meat for our fighting forces and for lease-lend.

That leaves the problem of seeing to it that you and I can get all the round steak we want each day, whether it be the little bit we want at 32 points a pound or whether it be the larger amount we want at 16 points or at 14 points or at whatever minimum point value still permits the Army to get what it needs.

When they tell us what the point value is, we should be able to get what we want no matter where we live. Now, it is obvious the War Meat Board never will be able to direct the flow of meat each day in such a way as to distribute the round steak equitably all over the country. On the other hand, we long have had a device which always has worked. If the price is higher in one place than it is in another, somebody always find it out and finds a way to take the meat to the place where he can get the best price for it.

Of course, we don't want inflation. So, the question is, how are we going to put a higher price on meat in order to get it to your butcher shop or to your town? Well, if we don't want high prices, the answer is to make the price lower in the towns that already have their share.

Fortunately, this is an easy thing to do. The point values have been set so that 130,000,000 of us have left plenty of round steak on the market—all, in fact, that the Army can use. You and I won't try to buy that round steak away from the Army, because of our points. That leaves the Government as the only possible bidder for all that extra meat.

Now, if the Government bids at ceiling prices, a great many communities will be short of meat because the easy thing for a lot of packers to do will be to offer all their meat to the Government. It takes a week to collect the figures showing how many head of livestock have been slaughtered, so as one packer after another offers his meat to the Government, the War Meat Board would have no possible way of knowing whether this was meat which should have come to your town to supply your ration tickets. On the other hand, if the War Meat Board should buy this extra meat at just a little bit less than ceiling prices, the packer would find it more profitable to sell to your retailer who would pay the full price.

In this way we see the meat management plan can work only when two things have happened. The first thing is that point values must be set in such a way that there is plenty of meat for the Government to buy. The second is that the Government must buy that meat at a price which is low enough so that it always is profitable to someone to sell it to you instead, so long as you have the points with which to buy.

Now, just as the meat management plan demands that the Government's buying prices be just a little below ceiling prices in order to get fair distribution of the civilian supply of meat, so the government can use its buying prices to control the price of meat to the civilian trade.

For example, if the ceiling price for a certain class of meat is 40 cents and if the Government's price on that same meat should be 36 cents, a packer, before selling to the Government at 36 cents, would try to find a retailer whose customers had enough coupons so that retailer would buy his meat at the 40-cent price. However, it is certain that some other packer would discover that same dealer and rather than sell at the Government price of 36 cents would offer that dealer the same meat at 39 cents. Someone else, still wanting that dealer's business, would offer at 38 cents and so on until finally the price that dealer would pay would be based on the fact that the Government's 36-cent-buying price was his only competition. In this way, the War Meat Board absolutely can set the meat price levels which administration policy may determine.

If we get away from the wartime meat plan, the Army goes short of meat, part of the civilian population goes short of meat, black markets thrive, and actual prices break through our ceilings.

The consumer pays too much while the producers hold indignation meetings and legitimate small packers are forced out of business.

On the other hand, the meat management plan does all the things we want it to do.

If we use the rationing system and use it properly, we control the amount of meat which is available to you and to me and to the Government. If we let price competition handle our distribution, we will get the meat to our coupons.

By using the Government buying price to set the price level, we will control inflation.

Mr. SABATH. Mr. Speaker, I yield 5 minutes to the gentleman from North Carolina [Mr. CLARK].

Mr. CLARK. Mr. Speaker—

Mr. HOPE. Mr. Speaker, will the gentleman yield for a consent request?

Mr. CLARK. I yield.

Mr. HOPE. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks and include therein a table prepared by the Bureau of Agricultural Economics.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. CLARK. Mr. Speaker, I doubt if in all the agricultural programs we have had in recent years anything has been of so much practical benefit to agriculture as the activity of the Commodity Credit Corporation. Having had some opportunity of observing its operations my conclusion is that it is a fine agency filling a very particular need and that it has been well managed.

Mr. SMITH of Ohio. Mr. Speaker, will the gentleman yield?

Mr. CLARK. I hope the gentleman will let me proceed for a little without interruption. I shall be pleased to yield later.

Mr. Speaker, I remember that in 1939 when the British Government found it had only a limited amount of dollar exchange available in this country but having at that time a considerable stock of tobacco on hand and needing munitions very much worse than it did tobacco it was obliged to withdraw from the tobacco market. Ordinarily British interests take something like 50 percent of the tobacco produced in America. The result of their withdrawal was that when the tobacco producers got ready to go to market they found the markets closed in their face. To meet this situation the Commodity Credit Corporation stepped into that picture and worked out a plan that enabled not only the reopening of the markets but gave the producers of that year's crop about the usual price they had been accustomed to.

In that year, 1939, tobacco paid taxes into the Federal Treasury of almost \$700,000,000. The next year the tobacco tax exceeded \$700,000,000. It now bids fair for this year to run much in excess of \$800,000,000. It might be said, of course, that the Government could have gotten that tax anyway, but it certainly would have been inequitable if not poor business for the Government to put in its pockets those enormous sums of money while the producers of the commodity from which it came would trek to the bankruptcy courts of the country. I say this because the record of the hearings on this bill show that its total loan and purchase transactions have amounted to \$63,000,000,000 and its total loss up to date amounts to only \$144,000,000.

The amount of the tobacco tax paid in 1 year is over five times the total loss of the Commodity Credit Corporation since it was organized.

I think it was organized first for the purpose of dealing with curing surpluses of farm commodities and for the purpose of trying to get those surpluses to markets that were not glutted and into the hands of people who needed them. Its functions from now on out I think should and will be to induce the production in balanced quantity of the food and fiber that is absolutely necessary

for conducting this war. It might be said if you took the lid off and just let agriculture go, let the prices go up, there would be ample production; but there might easily be produced a great surplus of one commodity and a scarcity of some other essential commodity. By its incentive payments and by putting a flooring under the price of certain essential agricultural commodities this corporation cannot only insure the production but the balanced production of those things which are so essential in this hour.

The SPEAKER. The time of the gentleman from North Carolina has expired.

Mr. SABATH. Mr. Speaker, I yield the gentleman 5 additional minutes.

Mr. CLARK. I do not believe Congress ought just yet to foreclose itself on this question of subsidies, and I do not see how that properly comes into the picture in connection with this legislation. It is true that upon its whole operations this Corporation has lost \$144,000,000.

Mr. BROWN of Georgia. Mr. Speaker, will the gentleman yield?

Mr. CLARK. I yield.

Mr. BROWN of Georgia. On some commodities the Corporation has made money.

Mr. CLARK. I was just fixing to say that. My reason for holding that the money involved here is not in the nature of a subsidy is that the corporation has made money on certain transactions and made a profit on others. In the tobacco transaction to which I have referred, they will lose no money, nor on the enormous amount of cotton they now hold. On some of these transactions they make a profit while on others they may sustain a little loss; but that is a business venture, and where there is a possibility of a profit or a loss one cannot properly classify that as a subsidy. Furthermore, the imperative necessity of getting the production of food and fiber on a balanced program is a function of government that cannot be properly classified as falling within the realm of a subsidy. I do not understand the language of this bill to permit or prohibit the payment of subsidies. I hope the committee at the proper time will clear up the language of section 6 which, to my mind at least, at this time has nothing in it except to prohibit the fixing of prices on agricultural commodities or those commodities manufactured largely from agricultural commodities—to fix a price on it below the support price determined by the Secretary of Agriculture. I cannot see where that involves any question of subsidy.

As I said a moment ago we would not know exactly what we are going to have to do to procure for this Nation all the food it is going to need and I am not at all prepared myself to now foreclose the question of subsidies. I do not think that any of these bills we are passing ought to foreclose the House on that subject, but that we ought to deal with the necessity or not for a subsidy as the picture becomes clear and we can see just exactly what we are called upon to do.

I now yield to my friend from Ohio.

Mr. SMITH of Ohio. I thank the gentleman for yielding to me.

Mr. Speaker, the gentleman made a statement to the effect that the Commodity Credit Corporation has been operated satisfactorily and properly up to the present time. I should like to know upon what he bases that statement? There has never been made an audit of the operations of the Commodity Credit Corporation.

Mr. CLARK. My statement was based upon my observation of its operations in my section, that it had done a good job. Certainly the hearings on this bill which I have examined indicate that there has been an annual audit, and this bill itself provides for the continuation of an annual audit.

Mr. SMITH of Ohio. There is an audit of the revenue and administration of the Commodity Credit Corporation.

Mr. CLARK. I think the gentleman will have a different idea if he looks into the matter.

Mr. BROWN of Georgia. Mr. Speaker, will the gentleman yield?

Mr. CLARK. I yield.

Mr. BROWN of Georgia. The Commodity Credit Corporation has loaned on a certain amount of cotton in the last 10 years. They have made a profit on the cotton sold of \$50,000,000. Now, they have 3,200,000 bales of cotton and it has a book value of \$30 per bale on the cotton they now have and to which they have title.

Mr. CLARK. I thank the gentleman.

Mr. MORRISON of North Carolina. Will the gentleman yield?

Mr. CLARK. I yield to the gentleman from North Carolina.

Mr. MORRISON of North Carolina. Some contracts have already been made this year, have they not, for incentive payments to farmers to produce certain crops that are necessary?

Mr. CLARK. That is my understanding.

Mr. MORRISON of North Carolina. Is there danger of the prohibitive language in this bill interfering with those contracts already made?

Mr. CLARK. I do not so understand. I understand the prohibitive language in the bill to mean that O. P. A., for instance, would be prohibited from fixing a price on agricultural commodities below the supporting price fixed therefor by the Secretary of Agriculture.

The SPEAKER. The time of the gentleman has expired.

Mr. FISH. Mr. Speaker, I yield myself the balance of the time on this side.

Mr. Speaker, there is no opposition as far as I know to the pending rule. This merely makes in order a bill to continue the Commodity Credit Corporation as an agency of the United States, increase its borrowing power, and revise the basis of the annual appraisal of its assets. I do not know of any opposition to continuation of the Commodity Credit Corporation.

There will probably be a very bitter fight, however, on the question of subsidies and the roll-back of prices on coffee, butter, and meat. If that is the case, this bill may become one of the most important bills that has come before the Congress at this session. The Congress should meet this issue fairly, openly, and

squarely and say whether it is in favor of subsidies or whether it is against them. It ought to be put up squarely to the Congress because in the last analysis the Congress alone has the duty to legislate. If the Representatives of the people want subsidies, if they want political hand-outs, if they want favoritism, special privileges, and benefits, that is their business to say so, but these roll-backs or subsidy prices have been inaugurated by the O. P. A. in defiance of the Congress and against the wishes of the Congress, and not one penny of the subsidies goes to the farmers or helps to increase production.

Today when we consider this bill, I hope we will meet the issue fairly and not by subterfuge and that we will have a clear-cut vote on the question whether the Congress, Republicans and Democrats alike, want to continue the policy of subsidy inaugurated by the O. P. A. upon the initiation of President Roosevelt, who, in the last analysis, is alone responsible for the collapse and failure of the farm program. Once the camel gets his mouth, nose, and ears, and part of its head under the tent to the extent of \$175,000,000, it is only the beginning, and it will ultimately mean two or three billion dollars a year if we are to start a program of subsidy and roll-back prices on farm commodities. This is only the start. The time to stop it is right now in this bill, and that is why I am asking the Members of the House to consider it openly, fairly, and squarely and not evade the issue. Let us kill this subsidy before it destroys the farm industry, wrecks the American farmers, and ruins our national economy.

Mr. BUFFETT. Will the gentleman yield?

Mr. FISH. I yield to the gentleman from Nebraska.

Mr. BUFFETT. The gentleman speaks of the necessity of avoiding subterfuge. I would like to point out to him that in Webster's Dictionary there is no such economic term as "roll-back" but there is an economic term in there known as "rebate." That is what this scheme is. It is a rebate scheme that the American people drove out of American business in the nineties. It should properly be characterized now as a rebate.

Mr. FISH. Rebate is one definition, fraud is another, political hand-out is another. But this is the time to stop these roll-backs by a vote of Congress, a roll-back vote of Congress to stop the whole program of subsidies before it is forced on us by the brain trusters and bungling bureaucrats.

Now, you will hear some of these Democrats, good Americans, and claiming to be Jeffersonian Democrats who for 100 years have fought subsidies in all forms, shapes, and manner, say that they are in favor of this particular kind of subsidy.

Mr. MORRISON of North Carolina. Will the gentleman yield?

Mr. FISH. I yield to the gentleman from North Carolina.

Mr. MORRISON of North Carolina. Does the gentleman not think it important in this prohibitive legislation against subsidies to insert a definition

of subsidy? I am opposed to some subsidies and the gentleman defined one, but some I do not think are subsidies. Is it not important to legislate intelligently and to insert a definition of subsidy in here?

Mr. FISH. I have no objection to a fair definition of subsidy, whether it is a hand-out or regimentation or political bribery. It does not make any difference. All I am saying is that this is a subsidy, and this is the time for the Congress, in a fair, open manner, to meet that issue and vote whether it is for or against a subsidy. Of course, there must be exceptions. We have got to make certain exceptions for the war effort, such as transportation of oil and the mining of strategic war materials. Everybody will agree to that. But the fundamental proposition of roll-backs and subsidies on farm commodities is vicious and unworkable and smells as bad by whatever name it is called and every farm organization is against it.

Let us face the issue. The city Members are for it. We do not blame the city Members for being for it. They represent their districts; I represent my district; but, on the other hand, we are not fooling each other. The gentleman from New York [Mr. BARRY] knows it is a subsidy; he is an honest and able Member, and is willing to say so.

Mr. BARRY. Will the gentleman yield?

Mr. FISH. I yield to the gentleman from New York.

Mr. BARRY. Is it not true this word "roll-back," which is something new in my vocabulary, simply means a reduction of the price level of certain commodities?

Mr. FISH. By paying a subsidy to the packers or wholesalers out of the United States Treasury but none to the farmers.

Mr. BARRY. We gave the O. P. A. the power to do that.

Mr. FISH. The O. P. A. assumed that power. This amounts to a reduction of 10 percent on meat to be paid for by the taxpayers to the packers and processors. It is nothing but a subsidy.

Mr. BARRY. It has no connection with a subsidy. If the Administrator finds that the cost of living has risen, he has a right to reduce those prices without paying a subsidy at all, and that should be done.

Mr. FISH. But he does pay a subsidy; that is what he is doing now, without the authority of Congress. He is paying a 10-percent subsidy to the packers.

Mr. BARRY. Would the gentleman be in favor of reducing prices, rolling them back, or whatever you want to say, if they are out of proportion, without a subsidy?

Mr. FISH. Certainly. I believe Mr. Baruch was right that we should have set maximum prices on all commodities.

Mr. BARRY. Food prices have risen 40 percent since January 1941.

Mr. FISH. When you start giving subsidies on farm products, there is no end to it.

Mr. BARRY. Forget the subsidy.

Mr. FISH. I cannot forget it. It is a fact. That is what is being done. The gentleman is talking about some-

thing academic and theoretical, that might happen if there were no subsidies.

Mr. BARRY. It is not theoretical.

Mr. FISH. I might agree with the gentleman if there were no subsidies, but there are subsidies, and that is what we are objecting to.

Mr. BARRY. Food prices have risen 40 percent since January 1941.

Mr. FISH. May I ask the gentleman a question?

Mr. BARRY. Yes.

Mr. FISH. If we put a drastic provision in this bill—there is already one in it, but the gentleman from Michigan [Mr. WOLCOTT] will submit an even more severe one—which I hope will be adopted by the votes of the Members of Congress—which does away with subsidies; will the gentleman support it?

Mr. BARRY. If I face the choice of inflation or subsidies, I will vote for subsidies.

Mr. FISH. Then the gentleman is for subsidies, which is his right. I am opposed to all subsidies, Government hand-outs, and political bribes, all the way through.

Mr. HOFFMAN. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield to the gentleman from Michigan.

Mr. HOFFMAN. Why all the excitement now? This administration has been buying votes one way or another ever since its inception.

Mr. FISH. The administration now wants to do it on a much larger scale.

Mr. HOFFMAN. I do not know how that is possible.

Mr. FISH. The existing roll-backs require \$175,000,000. That is only a start and would probably involve two or three billion dollars in subsidies within the next couple of years. The fourth-termers will need more money to buy votes next year than was needed a few years ago. That is why I say this is one of the most important issues before Congress because of the huge sums of money that would be inevitably asked for subsidies and political hand-outs.

Mr. HOPE. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield to the gentleman from Kansas.

Mr. HOPE. Referring to the statement of the gentleman from New York [Mr. BARRY] as to whether we should prefer subsidies or inflation, is it not true that as far as the roll-back type of subsidy is concerned it is inflationary and contributes to inflation?

Mr. FISH. Yes. It does not help the farmers one iota. It does not help them increase production. It does not give them any more money, and the money for the subsidy to the packers comes out of the taxpayers' pockets, which also further burdens the farmers. If we are going to have subsidies without the express wish, or rather, in defiance of the Congress, we will have sunk to the level of the Reichstag. It is time we met this issue squarely and voted our convictions and put an end to government by bureaucrats and subsidies.

Mr. BARRY. Mr. Speaker, will the gentleman yield?

Mr. FISH. I will always yield to my distinguished and good friend. I know we do not agree on this issue, but I am perfectly willing to have him express his views.

Mr. BARRY. Between organized labor on one side and the farmer on the other is the great middle class of America, the white-collar class, whose income has not increased. They are being squeezed right in the middle. This subsidy plan by keeping the prices down will help that great mass of people, the majority group.

Mr. FISH. I know what the gentleman means. The gentleman is representing his district and doing it ably, conscientiously, and honestly. He represents the consumers in his district. For the balance of my time let me represent the constituents in my district, one of the largest dairy districts in the United States, if not the largest. Delaware County, recently added on to my new district, is the largest dairy county in America. My district is also a large poultry district. Some of my farmers have lived on those farms since the Revolutionary War, most of them, long before the New Deal and the alphabetical system came into power which has all but wrecked and ruined them. The shortage or lack of corn because of the vicious New Deal regimentation is disastrous to my farmers and ruining them.

The SPEAKER. The time of the gentleman from New York has expired.

Mr. SABATH. Mr. Speaker, I yield 3 minutes to the gentleman from South Carolina [Mr. FULMER].

Mr. FULMER. Mr. Speaker, I want to speak briefly on this subsidy matter. I deeply appreciate the attitude of those who represent the consumers on this matter because they really believe it is going to help the consumers and that it is not going to hurt the farmers. However, if they knew more about price fixing and the various middlemen operating between the farmers and the consumers, they would want to put their finger on the real sore spot.

Since we have been talking about paying processors a subsidy to bring about production down on the farm and to help consumers, what has happened? Processors have held up buying except at lower prices. Hogs and cattle have gone down from 2 to 3 cents. The farmer has no way of telling the packer, "My price is 14 or 15 cents." He says to the buyer of hogs, "What will you give me for my hogs or my cattle?" You can pay the subsidy, but that does not mean that the farmer is going to get what we call parity, because they can still roll it back, and you are going to find out that it will not help the consumer; and if so, it will amount to very little per family.

Why do you not do the same thing for farmers that you are doing for industry? The industry gets the subsidy. When you want the industry to manufacture guns, tanks, and airplanes, you tell him to go ahead, buy material, and pay whatever is necessary to get it, employ all the employees it can, and have them hanging around, it may be, paying them any kind of wages. You just as

well tell him, "Make the amount as high as you can and we will guarantee you a profit on all of it." You should visit some of these plus-profit jobs and look around and see all the waste. Find out about the advertising, all of which is added in with a profit.

Let us just take this thing from a common-sense viewpoint. Suppose we have a race out there, and you want a certain young fellow to win. Would you go and pay the manager of the racer to steam up the fellow who is going to make the race? No; you would call the man that you want to win aside and say, "John, if you will win this race, I will give you \$100," and that boy is going to step in and win. You have given him an inducement, an incentive. Packers do not produce hogs or cattle. They could take the subsidy and still roll the price back on the farmers. What a joke.

I am against subsidies in any instance; if you will give the farmer that to which he is entitled, you do not have to even give him a subsidy. Let us start at the bottom with proper differentials on up through the packer and others, including retailers, and give each group that to which it is entitled. Then if some of these parasites operating between the farmer and the consumer are sapping the lifeblood out of the consumer, let us get rid of them. There are plenty of them operating between farmers and consumers. Under the procedure now, all of these middlemen are taken care of by O. P. A., every one of them fixing their price with a profit, and that is the problem confronting consumers. Yes, this is the consumer's serious problem, and there is nothing you can do about it unless we streamline our marketing and distribution system and weed them out.

The SPEAKER. The time of the gentleman from South Carolina has expired.

Mr. SABATH. Mr. Speaker, it is amusing to a man who knows a little of the history of subsidies to listen to gentlemen on the Republican side this morning. I remember that the gentleman from New York [Mr. FISH] and all gentlemen on the Republican side in advocating and supporting high tariff legislation always favored subsidies for shipping corporations, or for the mail service, and for all other small corporations that have been making millions out of their business, and that they all voted for them, but now when they believe there might be a little subsidy given to the poor farmer—I mean the small farmer—

Mr. WILSON. Mr. Speaker, will the gentleman yield?

Mr. SABATH. No—out of which the consumer may to some extent be benefited; especially that consumer whose wages have not been increased hardly at all in the last 10 years, who is still working for meager wages or salaries, whose cost of living has been increased from 100 to 110 percent and in some instances 200 percent, my colleague from New York [Mr. FISH] and others oppose it. That would be taking money out of the Treasury. Personally I think we should help the little fellow who needs our help as against those who do not need it.

Lest I forget, my really good friend the gentleman from Michigan [Mr. MICHENER] tried to place me in a position where I was opposed to producing all the needed pork or beef. On the contrary, I am for greater production. I think the farmers should be persuaded or urged to dispose of the corn which they are holding and hoarding for a still higher price, so that it can be fed to cattle and hogs in order that we may produce more meat to supply our Army as well as the civilian population. Of course the gentleman must have misunderstood me when he charged that I was trying to restrict production.

Then there was something said about the "black market."

The gentleman from Michigan has asked me whether I would withdraw my remarks as to the black market. I wish I could, but due to the many resolutions and information I have received, the facts are that the farmers selling outside of the regulations for a much higher price by a quiet arrangement with the livestock farmers dispose of their corn for feed purposes.

Now, Mr. Speaker and gentlemen, in addition to this information as to the black market, I have received several resolutions from the cattle, hog, and livestock feeders from several States, who assert that unless the roll-back order is rescinded they will immediately stop shipping their cattle and hogs to the market. Of course, that is very patriotic, extremely so, on their part, and I presume some of you gentlemen feel that it is patriotic. I do not. I think these organizations should not control the action of the Congress, because on its face their conduct shows a selfish and avaricious aim on their part in trying to force the Government to do or not do certain things, and trying to stop the Government from placing a ceiling on cattle and hogs. I feel that this should have been done from the very beginning.

Mr. Speaker, I insert at this point several telegrams and excerpts from letters which I have received from these selfish groups. Copies of these communications have been sent to the President, they are as follows:

WASHINGTON, D. C., June 23, 1943.

Hon. ADOLPH J. SABATH,
Member of Congress,

Washington, D. C.:

At a conference of Midwest Farm Bureaus, meeting in Chicago today, the following resolution was adopted: The subsidy and price roll-back on foods proposed by the administration is a subterfuge for increasing wages and other consumer incomes already at inflationary levels. It will be expensive to administer, benefits will be small in proportion to total cost, it will continue the already existing ruinous confusion, it contributes to rather than controls inflation, it will decrease rather than increase both agricultural and industrial production, it will impose further regimentation of production and distribution, and will aggravate our post-war price and income problem. For these and other equally important reasons this conference of Midwest Farm Bureaus, representing 12 States and 300,000 members, respectfully petitions our Federal administrative authorities to cease their effort to inflict this program upon us. We call upon our Congress to enact legislation which will prevent any general continuance or revival of this ill-

advised experiment. Copies of this resolution shall be sent each Senator and Congressman from these Midwest States and also to all proper Federal administrative authorities.
CONFERENCE OF MIDWEST FARM BUREAUS
OF THE AMERICAN FARM BUREAU FEDERATION.

JUNE 19, 1943.

DEAR SIR: For your information, the following wire was sent to President Franklin D. Roosevelt, June 18, 1943:

"The following resolution was passed in Fremont, Nebr., June 17, 1943, at a meeting of 700 livestock producers and feeders, representing many thousands more: 'In order to guarantee an adequate supply of pork, beef, and lamb for (1) armed forces, (2) the civilian population, and (3) lend-lease, that they demand that James Byrnes, Director of Office of War Mobilization, rescind his order, which is effective Monday, June 14, 1943, rolling back wholesale prices and ordering subsidies to be paid on beef, pork, and lamb and if it is not immediately rescinded the producers and feeders of the Corn Belt States will request all feeders and producers to withhold the marketing of slaughter animals effective Monday, June 28, pending compliance with their demand and further, that the feeders of the Corn Belt States demand that the reflected price on meat animals be sufficient to cover cost of production.'

"During the last week, because of the break in prices of live animals marketed, the producers and feeders have lost hundreds of thousands of dollars. The request to withhold the marketing of slaughter livestock would be made to save the producers from these losses during this period of uncertainties. Further, the Corn Belt producers and feeders of livestock stated in a resolution, 'We, the livestock feeders and producers from 28 counties in Nebraska and 9 in Iowa, oppose the roll-back and subsidy program on meat, butter, and coffee as un-American, inflationary, and discriminatory.' The livestock producers and feeders of the country at the request of the proper authorities in charge, and at your personal request, have increased the production and marketing of livestock to the highest levels in the history of this country. The decision to keep slaughter livestock off the market would not mean a strike in production, because the production of meat tonnage would continue on animals now in feed lots. Many feed-lot operators, however, already have been discouraged from buying additional livestock and have ceased making replacement purchases with the result that thousands of feed lots already are empty or are rapidly being emptied. In this they are influenced not only by price roll-backs recently announced, but also by the fear of further price reductions by the same method in the future.

"The apparent lack of understanding on the part of people in Washington as to the seriousness of the food situation and their unwillingness to request and accept the counsel and advice of people with knowledge and practical suggestions for solution gives them no choice but to take drastic action and insist that this whole problem have your personal, immediate attention.

"HARRY GARDNER,

"Oakland, Iowa.

"HERMAN DINKLAGE,

"Wisner, Nebr.

"Resolution Committee."

HARRY GARDNER,

HERMAN DINKLAGE.

CHICAGO, ILL., June 22, 1943.

ADOLPH J. SABATH,

Member of Congress, Washington, D. C.:

The members of the National Live Stock Exchange most respectfully urge your strong support of amendment to Steagall bill, H. R. 2869, Commodity Credit Corporation. This

amendment prohibits the use of Government funds for payment of subsidies and roll-back of price. Your assistance will be appreciated.

JOHN SANDERS,
President, The National
Live Stock Exchange.

I do not want to criticize the administration, but even this great administration, that always has the interest of the masses at heart, makes mistakes when they listen to some of the Republicans who happen to be in important positions, and I hope this influence, if any, that has been exerted, will be eliminated. If we expect to have reasonable prices on meat we must necessarily place a ceiling on cattle and hogs, fully appreciating that it is manifestly unfair to place a ceiling on meats without at the same time placing one on livestock. Not that I am interested in the packers. In fact, I shall, if time permits, explain more thoroughly my position as to the packing industry. They are not losing money, but they are trying to make the country believe they are being ruined. These, however, are the facts:

Mr. Speaker, today we are considering one part of this home-front crisis—that part which has to do with national economic stabilization—control of cost of living. Avoidance of inflation is absolutely imperative if the home front is to be a strong foundation for the battle front. Up to now prices have not been controlled effectively but have been soaring through rising price ceilings and lack of enforcement. An attack is under way by the representatives of special interests—the great trade associations, the great retail-wholesale associations, the great meat-packing associations, and great real-estate associations—all designed to gain special profit at the cost of wrecking the national stabilization program. This offensive against the war effort at home has created a major crisis for the Nation. It is a fine thing that the Congressional Committee for the Protection of Consumers has been organized to make a vigorous fight on this issue. I am glad to be a part of it.

MEAT PROFITEERING IS SAMPLE OF TOTAL PICTURE

On Wednesday the Washington Post carried a story, as have other parts of the press, in which they refer to "the continued strike against O. P. A. price policy by major beef slaughterers of the country," which was leading to a crisis in the meat supply of the Nation for war workers, for the Army, and for citizens generally. This strike is just as reprehensible as the coal-miners' strike and has just as serious potentialities for the war effort. It is a clear attempt on the part of the large meat packers to force the Government to adjust its price policies to suit their desires for maximum profits.

While meat packers claim hardship, the facts are that they have profited at enormous rates from their meat sales during the wartime. Specifically, official Government analysis of profits of 17 leading meat packers shows that profits in 1942 increased 460 percent over the average profits for the pre-war period of 1936-39. Under these circumstances can they scream "hardship"? Even after taxes the increase in profits was almost 300 percent for these 17 leading meat packers,

which includes Armour, Cudahy, Hornel, Swift, Wilson, and so forth. It is an attempt to maintain these profit levels that the meat packers organized their great lobbies to fight vigorous price-control policies on the part of the Government. It is the obligation of the agencies administering this program and of the Congress to see to it that they do not succeed in this sabotage of the Nation's war effort.

These large packers, because of their size, have been able to take advantage of the small packers, squeeze them out of business, and increase their own monopoly power in the industry. This must stop. The Government must control the pricing process and the distribution of meat from beginning to end. It is imperative that prices be put on livestock to avoid the inevitable squeeze between uncontrolled livestock prices and controlled retail prices. The use of the subsidy program to roll back these prices is clearly the only means of reducing the cost to the consumer of this vital part of their food budget.

Mr. FULMER. Mr. Speaker, will the gentleman yield?

Mr. SABATH. Yes.

Mr. FULMER. Just to state to the gentleman that he is now giving some good information to the House, because when you fix the price of meat without fixing the price of hogs or cattle, then the price of hogs or cattle can go anywhere, to a point where the packer cannot afford to buy them, but if you start at the bottom and fix the price on the raw material with proper differentials, then you will never need to change the differential unless mages go up or down.

Mr. SABATH. I thank the gentleman for his observation, and yield now to my friend from Indiana.

Mr. WILSON. Is it the gentleman's opinion or impression that the farmers are in favor of these subsidies?

Mr. SABATH. From my observation I think the farmers will not refuse them, because so far they have been glad to get anything that they have been able to get. In fact, they have been receiving more than they asked for from this Congress, and still do not appreciate it. That is what I cannot understand—when we have done so much for the farmer by which they are now getting two or three or four hundred percent more for their products than they did under a Republican administration, yet they still seem to refuse or fail to recognize the benefit accruing to them and the good that has been done for them by the Democrats.

Mr. FISH. Oh, the farmers will not get 1 penny of this subsidy. It will go to the packers. Not 1 dime of it goes to the farmers.

Mr. SABATH. I am not interested or in favor of any subsidy to the packers unless where it be actually necessary to equalize conditions to bring about a reduction in the cost of living. I am interested in the little fellow. That has been my aim, and it is because the little fellow needs protection.

Mr. DONDERO. Mr. Speaker, will the gentleman yield?

Mr. SABATH. Yes.

Mr. DONDERO. I know that the gentleman is sincere in his statement in regard to the little farmer, but at the beginning of the session today I read to the House two telegrams from two small farmers' associations in my district, and they are all against this idea and theory of a subsidy, and in the telegrams they said that they resented it.

Mr. SABATH. I am not entirely wedded to a subsidy, as I stated, with the exception of where it might reduce an unjustifiable high cost of living. I am speaking on the roll-back of prices. I think the prices of commodities should be reduced because they were permitted, due to your unfortunate delay and interference with the O. P. A., and the prices have not been fixed as they should have been fixed. Prices are too high, and the cost of living is too great. It should be reduced not only by 10 percent, but by 25 percent, because the 21,000,000 of white-collared people and wage earners in this country, as I said before, cannot live and pay the prices today on the wages that they are now receiving.

It is amazing that the Commodity Credit Corporation, having rendered such great and beneficial service to agriculture, having raised farm prices, that now the same Republican gentlemen are endeavoring to restrict the activities of that Corporation because it might find it necessary to limit profits and thereby to some extent reduce the cost of living.

This morning and this afternoon a meeting was held by many sincere and well-meaning Members of Congress, which I regret I was unable to attend, due to my being obliged to remain on the floor. This conference is being held because the whole war effort is being jeopardized by the attack on the home front being made by a combination of Axis sympathizers, profiteers, business-as-usual followers, and a few misleaders of labor, such as John L. Lewis. This disruptive activity has led to such disastrous actions as the recent race riots in Detroit, Mich., Beaumont, Tex., and Los Angeles, Calif., which threaten the effective unity of the Nation to win the war. "Business as usual" has resulted in a serious condition in our war-production program, as was indicated by Under Secretary of War Patterson, who last week reported to the Nation that production was 5½ percent behind schedule and that this would inevitably result in the needless loss of American lives on the battle front. It is also evident from the report of the Kilgore committee of the Senate, which points out the very serious shortcomings on the home front.

(Mr. SABATH asked and was given unanimous consent to revise and extend his remarks in the RECORD.)

The SPEAKER. The time of the gentleman from Illinois has expired. The question is on agreeing to the resolution.

The resolution was agreed to.

URGENCY DEFICIENCY APPROPRIATION BILL, 1943

Mr. CANNON of Missouri. I ask unanimous consent to take from the Speaker's table the bill (H. R. 2714) making appropriations to supply urgency deficiencies in certain appropriations for

the fiscal year ending June 30, 1943, and for prior fiscal years, and for other purposes, further disagree to the Senate amendment to the House amendment to Senate amendment No. 5 and further insist on its disagreement to Senate amendments Nos. 60 and 61, and ask for a conference with the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

Mr. TABER. Mr. Speaker, reserving the right to object, in the other body when this came up there was a prolonged discussion about the right of a legislative body to take people off the rolls. Just so that the House and the country may know what the other body thought of the right to do this sort of thing, I desire to read a paragraph from S. 575, which passed the Senate on June 14. The paragraph is as follows:

Page 2, line 9: "No person shall hold any such office or position after June 30, 1943, unless he shall have been so appointed: *Provided*, That any person now holding any such office or position who was not so appointed"—

That is, with confirmation by the Senate—

"may continue to hold such office or position until his successor is appointed or qualified, or until September 30, 1943, whichever is earlier, if nomination for the appointment to such office or position has been submitted to the Senate prior to June 30, 1943."

The Senate passed that bill which threw everyone off the rolls who had not been confirmed by the Senate and who received a salary of over \$4,500 a year, on the 14th of June by a vote of 42 to 29—just exactly the same proposition that the House presented in H. R. 2714.

[Mr. CANNON of Missouri addressed the House. His remarks will appear hereafter in the Appendix.]

The SPEAKER. Is there objection to the request of the gentleman from Missouri? [After a pause.] The Chair hears none and appoints the following conferees: Mr. CANNON of Missouri, Mr. WOODRUM of Virginia, Mr. LUDLOW, Mr. SNYDER, Mr. O'NEAL, Mr. RABAUT, Mr. JOHNSON of Oklahoma, Mr. TABER, Mr. WIGGLESWORTH, Mr. LAMBERTSON, and Mr. DITTER.

DISTRICT OF COLUMBIA APPROPRIATION BILL, 1944

Mr. MAHON. Mr. Speaker, I ask unanimous consent that the House conferees may have until midnight tonight to file a report and statement on the appropriation bill for the District of Columbia for the fiscal year ending June 30, 1944.

The SPEAKER. Is there objection?

There was no objection.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 2513) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District, for the fiscal year ending June 30, 1944, and for

other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 13, 14, 15, 17, 22, 40 and 71.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 5, 7, 8, 11, 12, 16, 18, 19, 20, 21, 23, 24, 28, 29, 30, 31, 33, 34, 35, 36, 37, 38, 39, 42, 43, 44, 47, 48, 49, 50, 51, 52, 53, 54, 56, 60, 61, 62, 63, 66, 67, and 69; and agree to the same.

Amendment numbered 6: That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$95,200"; and the Senate agree to the same.

Amendment numbered 9: That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$80,676"; and the Senate agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$122,730"; and the Senate agree to the same.

Amendment numbered 26: That the House recede from its disagreement to the amendment of the Senate numbered 26, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$8,840,400"; and the Senate agree to the same.

Amendment numbered 41: That the House recede from its disagreement to the amendment of the Senate numbered 41, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$977,107"; and the Senate agree to the same.

Amendment numbered 46: That the House recede from its disagreement to the amendment of the Senate numbered 46, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$237,610"; and the Senate agree to the same.

Amendment numbered 55: That the House recede from its disagreement to the amendment of the Senate numbered 55, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$145,750"; and the Senate agree to the same.

Amendment numbered 64: That the House recede from its disagreement to the amendment of the Senate numbered 64, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$261,740"; and the Senate agree to the same.

Amendment numbered 65: That the House recede from its disagreement to the amendment of the Senate numbered 65, and agree to the same with an amendment, as follows: In line 1 of said amendment, and after the comma, strike out the word "and" and insert in lieu thereof the word "the"; and the Senate agree to the same.

Amendment Number 73: That the House recede from its disagreement to the amendment of the Senate numbered 73, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$244,360"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 4, 25, 27, 32, 45, 57, 58, 59, 68, 70, and 72.

GEORGE MAHON,
JOHN M. COFFEE,
CLINTON P. ANDERSON,
KARL STEFAN,
BEN F. JENSEN,

Managers on the part of the House.

JOSEPH C. O'MAHONEY,
JOHN H. OVERTON,
ELMER THOMAS,
PAT MCCARRAN,
GERALD P. NYE,
RUFUS C. HOLMAN,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 2513) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1944, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

SALARIES AND EXPENSES

Amendment No. 1, relating to the Department of Inspections: Provides for the amount proposed by the Senate, \$279,640, in lieu of \$274,280 as proposed by the House.

Amendment No. 2, relating to the Auditor's Office: Provides for \$153,010 as proposed by the Senate in lieu of \$145,810 as proposed by the House.

Amendment No. 3, relating to expenses of weights, measures, and markets: Deletes the words "including exchange", thus providing the office with an additional car.

Amendments Nos. 5 and 6, relating to the Public Utilities Commission: The one corrects punctuation and the other provides for personal services \$95,200 in lieu of \$97,700 as proposed by the Senate and \$85,400 as proposed by the House. The amount agreed upon will provide for the following items not contained in the House bill: One engineer, P-4; one inspector, SP-6; one accounting and auditing assistant, CAF-5; and clerical and contingent expenses for the People's Counsel, \$2,000.

The position of engineer P-4, above noted, is allowed with the understanding that the position, which is currently provided for and at present vacant, will be filled on a temporary basis so that the creation of a new position will not be necessitated, if and when the last incumbent returns from military service.

Amendment No. 7, relating to the Minimum Wage and Industrial Safety Board: The proposal of the Senate is agreed to, which provides \$36,630 in lieu of \$33,365.

Amendment No. 8, relating to the Zoning Commission: Provides for \$12,720 as proposed by the Senate in lieu of \$9,280 as proposed by the House.

Amendment No. 9, relating to personal services of the Office of Register of Wills: Provides for \$80,676 in lieu of \$83,556 as proposed by the Senate, and \$79,056 as proposed by the House.

Amendment No. 10, relating to personal services of the Office of the Recorder of Deeds: Provides for \$122,730 in lieu of \$127,800 as proposed by the Senate and \$116,730 as proposed by the House.

CONTINGENT AND MISCELLANEOUS EXPENSES

Amendment No. 11, relating to judicial expenses: Inserts the Senate language, which allows expenses to be incurred in cases before the United States Court of Appeals and the courts of the District of Columbia. This language clarifies the purpose of the appropriation in view of the judicial set-up within the District of Columbia.

Amendment No. 12, relating to general advertising: Adopts the Senate's proposed language clarifying the purposes for which the appropriation may be used.

Amendment No. 13, relating to printing and binding: Provides for \$63,885 as proposed by the House in lieu of \$65,000 as proposed by the Senate.

Amendments Nos. 14 and 15, relating to the Central Garage: Provide for \$1,950 for an automobile for the executive office in lieu of \$2,650 as proposed by the Senate and corrects the total accordingly.

Amendment No. 16, relating to Central Control of Emergency Ambulance Service: Pro-

vides for \$12,000 for this purpose as proposed by the Senate.

Amendment No. 17, relating to the refund of erroneous collections: Provides for \$100,000 as proposed by the House in lieu of \$75,000 as provided by the Senate.

FREE PUBLIC LIBRARY

Amendment No. 18, relating to personal services: Provides for \$495,036 as proposed by the Senate in lieu of \$489,096 as proposed by the House.

Amendment No. 19, relating to maintenance, alterations, etc.: Provides \$43,225 as proposed by the Senate in lieu of \$49,875 as proposed by the House.

Amendment No. 20, relating to the reappropriation of funds now available, not in excess of \$7,000, for new central building of the Public Library: The House accepts the Senate language.

SEWERS

Amendment No. 21, relating to sewers and receiving basins: The House accepts the language inserted by the Senate which reappropriates unexpended balances of 1943 appropriations.

Amendment No. 22, relating to rental of storage property for construction materials: The Senate recedes from its amendment appropriating \$15,000 for this purpose.

COLLECTION AND DISPOSAL OF REFUSE

Amendment No. 23, relating to street cleaning: Provides for \$713,900 as proposed by the Senate in lieu of \$543,000 as proposed by the House.

Amendment No. 24, relating to garbage disposal: Provides for \$1,453,400 as proposed by the Senate in lieu of \$1,168,400 as proposed by the House.

PUBLIC SCHOOLS

Amendment No. 26, relating to general supervision and instruction: Provides for \$8,840,400 in lieu of \$8,898,000 as provided by the Senate and \$8,801,150 as proposed by the House. In arriving at this compromise, \$29,650 for physical education textbooks, equipment, etc., and \$9,600 for 3 assistant principals are added to the House proposal.

Amendment No. 28, relating to science laboratories: The House agrees to the Senate proposal reappropriating unexpended balances for this purpose.

Amendment No. 29, relating to plans and specifications for building construction: Accedes to the Senate clarification of House language regarding such construction.

RECREATION DEPARTMENT

Amendment No. 30, relating to salaries and expenses: Accedes to the Senate figure of \$496,118 in lieu of the House proposal, \$416,760.

Amendment No. 31, relating to medical services: Accepts the Senate language for housekeeping assistance in cases of authentic indigent sick. In agreeing to the program, it is understood by the managers on the part of the House and the Senate that the furnishing of such housekeeping assistance is to be continued only as a temporary program during fiscal year 1944.

Amendment No. 33, relating to inspections: Provides for \$214,202 as proposed by the Senate in lieu of \$203,602 as proposed by the House.

Amendments Nos. 34 and 35: Accepts Senate proposal for repairs, alterations, etc., to Henry School in order to adapt it for health center and for expenses of operation and maintenance of same. The former amount is \$15,000 and the latter \$6,120.

Amendment No. 36, relating to repairs and improvements to buildings and grounds of the Glenn Dale Sanatorium: Provides for Senate amount of \$12,630 in lieu of House figure of \$10,230, and reappropriates \$5,100 of unexpended balances of 1943 appropriations.

Amendment No. 37: Reappropriates \$10,000 of the unexpended balances of appropriations

for repairs, alterations, etc., to the Tuberculosis Hospital at Fourteenth and Upshur Streets NW.

Amendments Nos. 38, 39, 40, and 41, relating to personal services, Gallinger Hospital: No. 38 changes name of physicians resident at the hospital; No. 39 adopts the Senate proposal of fixing the salaries of certain such medical officers at \$6,000; No. 40 retains the House proposal for salaries of other such medical officers at \$3,200; and No. 41 provides for a total of \$977,107 in lieu of the Senate proposal of \$985,107 and the House proposal of \$974,707.

Amendment No. 42, relating to repairs and improvements to buildings and grounds at Gallinger Hospital: Reappropriates funds presently available and unexpended for this purpose in addition to the direct appropriation.

Amendment No. 43, relating to Washington Home for Incurables: Accedes to the Senate proposal of \$19,500 in lieu of the House proposal of \$15,000.

COURTS

Amendment No. 44, relating to the juvenile court: Adopts the Senate proposal of \$121,595 in lieu of the House proposal of \$120,175.

Amendment No. 46, relating to personal services, municipal court for the District of Columbia: Provides for \$237,610 in lieu of the Senate proposal of \$240,850 and the House proposal of \$234,190. This provides for one probation officer at \$1,800 and one stenographer at \$1,620 to be added to the House provision.

Amendment No. 47, relating to the Municipal Court of Appeals for the District of Columbia: Accedes to the Senate proposal of \$54,443 in lieu of the House figure of \$52,510.

PROBATION SYSTEM

Amendments Nos. 48, 49, 50, 51, and 52: Amendments Nos. 48, 49, and 50 clarify title of the appropriation. Amendments Nos. 51 and 52 increase by \$4,440 the amount of the House proposal for personal services and correct the total for the probation system accordingly.

PUBLIC WELFARE

Amendment No. 53, relating to Board of Public Welfare: Provides for the Senate figure of \$203,280 in lieu of the House proposal, \$185,540.

Amendment No. 54, relating to board and care of children committed: Reduces the House proposal of \$305,000 to the Senate proposal of \$286,000 and provides for the reappropriation of unexpended balances of 1943 appropriations.

Amendment No. 55, relating to personal services, jail: Provides for \$145,750 in lieu of the Senate proposal of \$149,230 and the House proposal of \$142,750. This compromise adds the salaries of two guards at \$1,500 to the House figure.

Amendment No. 56, relating to personal services, Workhouse and Reformatory: Provides for the Senate proposal of \$641,344 in lieu of \$637,544, the House proposal.

Amendment No. 60, relating to the Industrial Home School: Provides for the Senate proposal of \$20,000 instead of the House figure, \$5,000, which increase is to be used for the repairs and improvements to the buildings now occupied by the National Training School for Girls.

Amendments Nos. 61 and 62, relating to the Home for the Aged and Infirm, salaries: The House accedes to the Senate increase for personal services of \$3,600.

Amendments Nos. 63, 64, and 65, relating to public assistance: Provides as proposed by the Senate for a limitation of \$73,170 on the amount to be expended for personal services; appropriates \$261,740 in lieu of \$450,000 as proposed by the House and \$286,740 as proposed by the Senate; and, in addition,

accepts the Senate language reappropriating unexpended balances of 1943 appropriations; accepts the Senate proposal providing for the burial of indigent persons and certification of persons eligible for public benefits.

Amendment No. 66, relating to home care for dependent children: Provides for the Senate figure of \$243,400 in lieu of \$298,400 as proposed by the House and accepts the Senate recommendation for a reappropriation of unexpended balances of 1943 appropriations.

Amendment No. 67, relating to assistance against old-age want: Provides for the Senate amount, \$635,465, in lieu of \$685,465 as proposed by the House, and accepts the Senate recommendation for the reappropriation of unexpended balances of 1943 appropriations.

Amendment No. 69: Provides for a change of date in correction of clerical error.

Amendment No. 71: The Senate recedes from the appropriation of \$10,500 proposed for the Motor Vehicle Parking Agency.

Amendment No. 73, relating to personal services, water department: Provides for \$244,360 in lieu of \$244,860 as proposed by the Senate and \$239,760 as proposed by the House. A new position of Registrar, at \$4,600, was added to the House figure. The District Commissioners are expected by both committees to conduct an independent investigation of the entire water system of the District of Columbia and of the report made thereon by the General Accounting Office.

AMENDMENTS IN DISAGREEMENT

The conferees have not agreed with respect to the following Senate amendments:

Amendment No. 4, relating to advancements to the Superintendent of Weights and Measures and Markets for use in connection with investigations. The managers on the part of the House will offer a motion to concur in the Senate amendment with an amendment.

Amendment No. 25, relating to salary schedule of the Acting Superintendent of Schools during the absence of the Superintendent. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment.

Amendment No. 27, relating to assignment of certain teachers to pupil guidance. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment.

Amendment No. 32, relating to amount of appropriation for medical services. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment with an amendment increasing the Senate figure to \$755,760.

Amendment No. 45, relating to detailing of psychiatric services by the Public Health Service to the juvenile court. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment.

Amendment No. 57, relating to acquisition of land for Workhouse and Reformatory. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment.

Amendments Nos. 58 and 59, relating to the acquisition of land and construction of temporary buildings for the National Training School for Girls. The managers on the part of the House will offer a motion to concur in the Senate amendments.

Amendment No. 68, relating to the penny-milk program for the school children of the District of Columbia and the supervision of Victory gardens, etc. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment.

Amendment No. 70, relating to the settlement of claims of the District of Columbia against the Baltimore & Ohio Railroad Co. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment.

Amendment No. 72, relating to construction of a covered reservoir adjacent to the McMillan filter plant and the increase in authority therefor. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment with an amendment.

GEORGE MAHON,
JOHN M. COFFEE,
CLINTON P. ANDERSON,
KARL STEFAN,
BEN F. JENSEN,

Managers on the part of the House.

COMMITTEE ON THE PUBLIC LANDS

Mr. ROBINSON of Utah. Mr. Speaker, I ask unanimous consent that the Committee on the Public Lands may be permitted to sit today during the general debate on the pending bill.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. MICHENER. Mr. Speaker, I ask unanimous consent that on Friday, July 2, 1943, after the legislative program of the day and any other special orders, the gentleman from Michigan [Mr. ENGEL] may address the House for 30 minutes.

The SPEAKER. Is there objection?

There was no objection.

IMPROVEMENT OF COLUMBIA RIVER

Mr. SABATH, from the Committee on Rules, submitted the following privileged report (Rept. No. 602) to accompany House Resolution 262, authorizing the Committee on Irrigation and Reclamation to make an investigation of the plans for the improvement of the Columbia River, for printing in the RECORD:

Resolved, That the Committee on Irrigation and Reclamation, acting as a whole or by subcommittee, is authorized to make an investigation of the plans for the improvement of the Columbia River and its tributaries for utilization of its waters for reclamation, flood control, navigation, and hydroelectric power generation, and the cost and effect of proposed water storage in Lake Pend Oreille in the State of Idaho.

The committee shall report to the House (or to the Clerk of the House if the House is not in session) as soon as practicable during the present Congress the results of its investigation, together with such recommendations as it deems advisable.

For purposes of carrying out the provisions of this resolution, the committee, or any subcommittee thereof, is authorized to sit and act during the present Congress at such times and places within the United States, whether the House is in session, has recessed, or has adjourned, to hold such hearings, to require the attendance of such witnesses and the production of such books, correspondence, memoranda, papers, and documents, by subpoena or otherwise, to take such testimony, and to have such printing and binding done as it deems necessary. Subpenas shall be issued over the signature of the chairman of the committee, and may be served by any person designated by the chairman.

CONTINUING COMMODITY CREDIT CORPORATION AS AN AGENCY OF THE UNITED STATES

Mr. STEAGALL. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 2869), to continue Commodity Credit Corporation as an agency of the United States, increase its bor-

rowing power, revise the basis of the annual appraisal of its assets, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 2869, with Mr. WOODRUM of Virginia in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Alabama [Mr. STEAGALL], is recognized for 1½ hours and the gentleman from Michigan [Mr. WOLCOTT] is recognized for 1½ hours.

The gentleman from Alabama is recognized.

Mr. STEAGALL. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, this bill involves matters that have been before the House in one way or another for quite some time. I assume that Members of the House understand the issues that will arise in the discussion of the legislation and that Members know already how they stand on these issues. So, for the present, I am going to undertake to explain the provisions of the bill briefly.

Section 1 of the bill provides for a change in the manner of accounting which the Commodity Credit Corporation is required to make annually. Heretofore the calculation has been for the appraisal of commodities on hand, including not more than 1 year carrying charges on the assets of the corporation or the average market price of the assets for a period of 12 months. Under the present bill the calculation would bring the accounting down to date, so that the appraisal of assets would be for the average market price during the last 30 days' period of the fiscal year, or the cost of the assets whichever is lower.

The Corporation desires that change because it is their view that such an accounting would present to the Congress and to the country a more accurate disclosure of their assets and liabilities and that it would complete their transactions down to the end of the fiscal year. There is no objection on the part of members of the Committee on Banking and Currency with respect to that provision of the bill.

Section 2 of the bill would increase the borrowing capacity of the Corporation in the amount of \$500,000,000. I have here an extended statement, prepared by the Corporation, showing their liabilities and assets along with the estimates which they have made of the requirements for carrying out their program for the next fiscal year.

The officials of the Commodity Credit Corporation submitted a proposal for an increase of a billion dollars, but the Committee on Banking and Currency felt that we should hold down the authorization, as far as might be safely done, and we think that we can be reasonably assured that the work of the Corporation, as it will be curtailed under the provisions of the bill before us, will not be endangered in any way by reducing the amount from \$1,000,000,000 to \$500,000,000.

Section 3 of the bill provides for the extension of the life of the Corporation. Under existing law the life of the Corporation would terminate at the end of the present fiscal year. The bill provides for an extension for a period of 2 years from the end of this fiscal year. There are certain responsibilities imposed upon the Corporation that will run for years longer, but it was thought that we might very well, for the moment, limit its life to an additional 2 years. That is section 3 of the bill. There was no omission in the committee on this provision.

Section 4 of the bill is not controversial. It would make the Federal Reserve banks fiscal agents of the Corporation.

Section 5 of the bill would amend the Federal Reserve Act so far as it places a limitation upon loans that may be made by Federal Reserve banks to executives of the banks, insofar as those loans are secured by the Commodity Credit Corporation. The Commodity Credit Corporation, of course, is a Government corporation with provisions to secure the maintenance of its capital of \$100,000,000 and with its obligations specifically guaranteed by the Treasury of the United States.

Section 6 of the bill deals with the much-discussed subject of subsidies. There will be an amendment proposed in the nature of a substitute for this section.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. STEAGALL. Mr. Chairman, I yield myself 10 additional minutes.

This provision of the bill, as reported by the committee, would prevent the payment of subsidies to maintain prices for agricultural commodities or commodities processed in substantial part from agricultural commodities, below a price as high as the support price established by the Commodity Credit Corporation, or below the standards embodied in the Price Control Act, with the exception that wheat may be sold for feeding purposes if sold at not less than the parity price of corn, and with the exception that adjustments may be made to bring about or maintain necessary relationship in the price of oils and fats required to assure adequate production for the war effort.

There is also a provision which makes this limitation effective after 60 days following the approval of the act as to agreements made by the Corporation prior to the approval of this act.

I think there is some confusion with respect to what necessarily are subsidies as involved in the activities of the Corporation.

It will be remembered that the Commodity Credit Corporation was established for the purpose of protecting the orderly marketing of products. Under those operations there was no handout to farmers. There was no subsidy in the true sense of the word. It was a business operation and I do not think anybody denies that it accomplished wonderful good, not alone for the farmers of the Nation, but in support of the entire national economy. Right here I wish to say that the management of

the Commodity Credit Corporation has been commendable. Their business seems to have been conducted with remarkable success, and I think the country is fortunate in the manner in which this agency of the Government has been administered.

Legislation was enacted which required the Corporation to support farm prices on commodities which were not included in the original act, as basic commodities. There have been some losses on those operations.

As to the lending activities of the Corporation, they have operated at a substantial profit. The accounts, brought down to date and counting commodities at their market value would show more than \$150,000,000 profit on those operations.

I do not see how anybody can contend for a moment that those operations stand in the category of subsidies such as the case where, under the Price Control Act a price is fixed below the standard required in the act and then the Treasury required to make up the difference by handing somebody cash. There is a vast difference between the practice of supporting prices by the Corporation and taking money out of the Treasury to pay a citizen's grocery bill or to hand to a processor or a manufacturer to enable him to make a profit.

Mr. BARRY. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. BARRY. Will not the gentleman concede that the only difference between parity payments to the farmer, soil conservation payments to the farmer, and roll-back on consumer prices is that in the one case it helps the farmers and in the other case it helps the consumer?

Mr. STEAGALL. I suggest to the gentleman that he might more wisely direct his solicitude to the production of the food the consumers of the country are going to need to sustain their lives rather than quibble over such matters as indicated by the gentleman's question.

Mr. ROBSION of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. ROBSION of Kentucky. Is it not clear that if we adopt this bill it will increase the food and fiber production of this country?

Mr. STEAGALL. I do not know that the people of this country are in danger of going hungry, but the best advices we can get from all sources indicate that there is a possibility of a serious food shortage in the United States.

Mr. ROBSION of Kentucky. Will this help the situation?

Mr. STEAGALL. That is what it is intended to do and what we hope it will do.

Mr. ROBSION of Kentucky. One further question if the gentleman will permit. I understood the gentleman from North Carolina [Mr. CLARK] to say that we have a loss on the corporation's operations at this time of about \$144,000,000. Am I correct?

Mr. CLARK. That is correct.

Mr. ROBSION of Kentucky. But I understood the distinguished chairman

of the committee to state that we have a profit of \$150,000,000. How are these two statements to be reconciled?

Mr. STEAGALL. What I said was that under the lending powers of the corporation their accounts at this time would show a profit of more than \$150,000,000 calculating their accounts, which is provided for by existing law by counting their commodities at market value. That was the statement I made.

Mr. MONRONEY. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from Oklahoma.

Mr. MONRONEY. In referring to subsidies and their vicious effect on prices and production, I would appreciate it if the gentleman would explain to the House the vicious subsidies, if any that have been indulged in by the Commodity Credit Corporation.

Mr. STEAGALL. The Commodity Credit Corporation down to this time has not engaged in any considerable service of that kind, and the losses are not enormous.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. STEAGALL. Mr. Chairman, I yield myself 3 additional minutes.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. PATMAN. In connection with subsidies, is it not a fact that the principal subsidy we have in this country is as old as the country itself? That is the tariff.

Mr. STEAGALL. There have been subsidies in numerous instances. That has been referred to here. But there is not any subsidy in undertaking to protect the farmers of the country in the orderly marketing of their products, and that is what the Commodity Credit Corporation was established for. We have passed laws for the protection of labor; we have recognized the obligation of government to see that those engaged in the manufacture of the essentials of war make a profit. We pulled the bridle off the O. P. A. Act so far as organized labor was concerned. Wages were allowed to soar. Meantime, there was specific authorization for the control of prices of farm commodities. Everybody understands that the way to get production is to pay fair prices. Laborers on the farms have been attracted by higher wages elsewhere, paralyzing the production of necessary food and other products—everybody understands that. Certainly no man can make any serious pretense of opposing inflation if he proposes to have the Government borrow money and incur an increase in the bonded debt of the Nation in order to pay the grocery bills for people whose salaries and wages are at levels never known before in the history of the country.

One other provision of the bill I wish to discuss briefly. We have conferred upon the Food Administrator, by this bill, the authority to increase price ceilings or maximum prices established by the O. P. A. Administrator, if found necessary by the Food Administrator, to increase production essential to the conduct of the war.

Mr. Chairman, I think that covers briefly the provisions of the bill.

The CHAIRMAN. The time of the gentleman from Alabama has again expired.

Mr. WOLCOTT. Mr. Chairman, I yield myself 15 minutes.

The CHAIRMAN. The gentleman from Michigan is recognized for 15 minutes.

Mr. WOLCOTT. Mr. Chairman, the subject matter of this bill seems to be highly controversial. It is made controversial by the attempt of some to interpret existing law differently than what some of us believed to have been the original intent of Congress. Although the bill is controversial in at least one respect it is a subject which I think with a little explanation can be readily understood. In order to understand it we have got to approach it from a little broader viewpoint than some of us have had in the past few weeks. We have been seemingly hopelessly enmeshed in a labyrinth of conflicting thought in respect to subsidies, and inasmuch as the most controversial feature of this bill has to do with the subject of subsidies I intend to devote most of my time to that subject.

Mr. WRIGHT. Mr. Chairman, will the gentleman yield at that point before he gets further in the bill?

Mr. WOLCOTT. I yield.

Mr. WRIGHT. Does not the issue in this bill revolve around section 6 whether or not the increased cost of processing farm commodities should be passed on to the ultimate consumer or whether a portion of it should be borne by the Government?

Mr. WOLCOTT. I think the gentleman is correct in that observation.

We have on several occasions authorized subsidies to encourage the production of food and strategic and critical materials which have been essential to the war effort, still are and will continue to be essential to bring this war to a victorious conclusion. So we have had to be very careful to distinguish between the subsidies which would promote the production of food and essential critical materials and this other entirely new philosophy of subsidies which contemplates that the Federal Government obligate itself to pay at least a part of the grocery bill for all of the people of the Nation without regard to a person's ability to pay his own grocery bill.

In this connection, and in order to crystallize the issue as to whether the American people today might not be in a better position to pay their food bill than ever before in the history of this country, I want to read one sentence from the last report of the Bureau of Agricultural Economics of the United States Department of Agriculture in which, in summarizing their findings, it is said:

The total cost to consumers of fixed quantities of food making up a typical consumer's food basket was smaller in relation to average consumer income in recent months than at any other time on record.

That is not amazing because we know that consumer purchasing power has

been increasing by leaps and bounds. What do we do when we subsidize for the purpose of providing that the Government shall pay the grocery bill of the Nation? I have already differentiated between the two classes of subsidies. In order to prevent inflation because of this ever increasing purchasing power, which is a constant and increasing threat to inflation, it is found desirable to siphon off a large part of this purchasing power. When the tax bill was before the House we were warned that if we did not adopt that tax bill and perhaps more drastic tax bills in the future the national income would constitute such a pressure against the inflation ceiling that within a very few months we would break through and inflation could not be controlled.

The only way that we can siphon off this purchasing power so that there will not continue to be this constant threat to inflation is, first, by taxation, and, second, by the sale of bonds to individuals who will hold those bonds. If we subsidize the consuming public out of the Federal Treasury we increase the pressure which results in inflation proportionately as we raise the money to pay for the subsidy. The only way we can raise the money to pay for the subsidy is by bonding or, as I said, paying taxes, raising taxes, but we have got to raise this money immediately by bonding.

We sell our bonds. We sell those bonds wherever we find a market for them and if the market for those bonds was wholly or largely in private investment there would not be too much danger of inflation; but, unfortunately, the public is not responding to our bond programs to the point where there is much encouragement that we can stop inflation by siphoning off purchasing power through the sale of bonds. In the last drive which was a tremendous success, the goal was \$15,000,000,000 of bonds to be sold. We actually sold \$18,000,000,000 in bonds.

We sold \$3,000,000,000 in bonds more than our goal. But the program called for the sale of something over \$5,000,000,000 of bonds to private individuals, and in that respect the drive was a lamentable failure because private individuals bought less than \$3,000,000,000 worth. So, although we went over three billion beyond our goal, we sold only \$3,000,000,000 to private individuals. The rest of the bonds were sold to commercial banks, investment syndicates, to insurance companies, corporations, and so forth.

Now, the bonds which are bought up by commercial banks constitute the primary danger of inflation and the commercial banks are increasingly becoming more important than any other element in the sale of bonds for the reason that from now on it is expected that the commercial banks will have to take much larger amounts of these Government issues. What do the commercial banks do with these bonds? They put them up as collateral security for the issuance of currency, they take that currency and buy more bonds, they take those bonds and use them as collateral

for more currency to the point where the volume of circulating media has increased from about \$5,000,000,000 to over \$16,000,000,000 in the last few years. Let us not fool ourselves at all. So long as the commercial banks can convert Government holdings into cash, we are going to have cash enough to prosecute the war.

Mr. Eccles, appearing before our committee, said that the amount of currency which could be issued on the basis of existing gold and bond holdings was so large that he would not even hazard a guess on any limitation. I put the question to him: Would you think that on the basis of present bond holdings and gold holdings the banks could issue \$500,000,000,000 in currency? He said, "Oh, yes; at least that." Of course, that constitutes inflation. Every time we increase the facilities for the depreciating of our currency we contribute to inflation.

Is there an individual in the United States today who wants his boy and his girl—and whether that boy or girl is in the armed forces or not is not too material—I repeat, is there a man or a woman in the United States today who wants to obligate his son or his daughter to pay this month's grocery bill for him? When you subsidize the grocery bill of the Nation such as is contemplated, such as will be done unless we pass remedial legislation, you are passing on to posterity the grocery bill which you should pay today out of the largest national income that this Nation has ever had.

Mr. BARRY. Will the gentleman yield?

Mr. WOLCOTT. I cannot at the moment. I anticipate what the gentleman is going to say, and I hope he will cover the subject. I trust I can yield to him later on.

Mr. Chairman, as I read section 6 of the bill I do not think as it is now written it stops the payment of subsidies to the consuming public. Before I get into that I want to say just a word in respect to the position in which labor finds itself in this subsidy program.

Starting next July 1 every man and woman who has a pay check or pay envelope is going to have deducted from that pay check or that pay envelope up to 20 percent of his income. That is based upon present commitments and the present Budget.

The CHAIRMAN. The time of the gentleman has expired.

Mr. WOLCOTT. Mr. Chairman, I yield myself 5 additional minutes.

It has been suggested that to stabilize the prices to the ultimate consumer we increase the national debt by not less than \$2,000,000,000. This means that if it is carried through—I am now referring to the statements made by Mr. Green before the Senate committee, not the statements made in the hearings—\$2,000,000,000 is the initial amount. Next year it might be \$5,000,000,000 if prices are allowed to continue to go up. It might be \$10,000,000,000.

When organized labor, or all labor, anybody that works for a living who gets a pay envelope or a pay check, has 21

percent of his income deducted from his salary instead of 20 percent, is he not going to come to us and say, "Well, was not that a nice thing that you fellows did. You paid subsidies out of the Federal Treasury. You made me think that I was paying less for my food than I would otherwise, and all you did was turn around and take what I would have paid my corner groceryman last month, and you took it out of my salary and paid it into the Treasury which in turn paid it to the corner groceryman." That is what he is going to say to you. And when that is done, you are going to have a terrible time explaining to him that in addition to taking this dollar more out of his pay envelope and giving it to the Treasury to give to the corner groceryman he has had added to the national debt represented by subsidies 4 percent per year, because the carrying charge on our national debt and the carrying charge on this money which must be raised to pay these subsidies is just one little small fraction of 1 cent less than 4 cents per dollar a year. If you can look into the future 25 years, then the subsidies will increase by 100 percent the cost to the ultimate consumer instead of his paying it out of his pocket today when he can afford to pay it.

The point, Mr. Chairman, is simply this. At a time when we can afford to do it, when we are telling the people of this Nation that this generation should pay its proportionate share of this war, yes, more than its proportionate share for carrying on this war—and upon that premise we have predicated our tax proposals—we deny it, and we pass on to posterity, even to the third and fourth generation, a grocery bill which you can better afford to pay today than could any of your forefathers.

Mr. BARRY. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from New York.

Mr. BARRY. Will the gentleman tell me how the great unorganized middle class of America, excluding the farmers, whose income has not increased at all except possibly 2 or 3 percent, can pay their food bill, which has increased since January of 1941, 40 percent? Where have they got the surplus money about which the gentleman is talking?

Mr. WOLCOTT. The gentleman's figures and the figures of the Bureau of Economics of the Department of Agriculture are not the same. I think I will accept the report of the Bureau of Agricultural Economics, which is an official report and the only one which I think comes from an official source, rather than the statement that the food bill of the Nation has gone up 40 percent.

Mr. BARRY. How high has it gone?

Mr. WOLCOTT. It might have gone up 40 percent in relation to income of 5 years ago, but based upon national income today, which is 40 percent, yes, 50 percent higher, because the national income was only \$90,000,000,000 4 years ago and today it is \$145,000,000,000, it has not gone up that much.

The CHAIRMAN. The time of the gentleman from Michigan has again expired.

Mr. WOLCOTT. Mr. Chairman, I yield myself 2 additional minutes.

Mr. Chairman, I want to reiterate in answer to the gentleman that the Bureau of Agricultural Economics says that the total cost to the consumer of fixed quantities of foods making up a typical consumer's food basket was smaller in relation to the average consumer income in recent months than in any other time on record.

Mr. BARRY. I am asking the gentleman where the middle class got its purchasing power about which he is talking. They do not have it.

Mr. WOLCOTT. The total purchasing power has gone up.

Mr. BARRY. Not for the middle class, but for the farmers and the laborers.

Mr. WOLCOTT. He has to pay the taxes just the same, does he not?

Mr. BARRY. Certainly he does.

Mr. WOLCOTT. All right; why should the middle class pay your food bill, your grocery bill, or the grocery bill of the man who is getting \$2 an hour when he used to work for 50 cents an hour?

Mr. BARRY. Everybody pays taxes.

Mr. WOLCOTT. In respect to the amendment which I propose to offer, I might say at the outset that the amendment preserves all subsidies, incentive payments, support prices, and everything else which we have provided for in any law. It does prevent the payment of subsidies by the Commodity Credit Corporation or any other agency of the Government for the reduction or roll-back of maximum prices or support prices that have been or may hereafter be ordered. It does prevent their being used as a substitute for or in lieu of an increase in maximum prices or support prices already or hereafter established, and it does prevent the use of subsidies to maintain any maximum prices already or hereafter established. In substance, it prevents the Commodity Credit Corporation from paying your grocery bill.

The CHAIRMAN. The time of the gentleman from Michigan has again expired.

Mr. WOLCOTT. Mr. Chairman, I yield myself 2 additional minutes.

Mr. CASE. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from South Dakota.

Mr. CASE. On the point the gentleman just mentioned, would the gentleman's amendment in any way disturb the set-up which has been in operation for some time which encourages the production of strategic minerals essential to the war effort?

Mr. WOLCOTT. None whatsoever. We have been very, very careful to preserve the subsidy provisions in the Price Control Act in respect to the subsidies on critical and strategic materials and even on food for the purpose of maintaining maximum production for the war effort.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from North Carolina.

Mr. COOLEY. Will the bill in its present form handicap the normal op-

erations of the Commodity Credit Corporation?

Mr. WOLCOTT. Not in the least.

Mr. COOLEY. What I have in mind is that the Commodity Credit Corporation was built upon the basis of buying and selling at a loss. I think it has rendered a very valuable service. Will the normal operations of the past be handicapped in any way by this proposal?

Mr. WOLCOTT. If the operations continue as they have in the past to encourage the maximum production of foodstuffs, it will not interfere with them at all.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. May I ask the gentleman as to the effect of his amendment upon the commitments that have been made for the production and processing of canned vegetables? The gentleman knows that the Department of Agriculture increased the price the processor had to pay the farmer for peas, corn, and a couple of other vegetables.

Mr. WOLCOTT. I provide in the amendment that they may use these moneys to take care of these commitments which have accrued prior to the effective date of the act. The word "accrued" means "come into existence as an enforceable claim," and any claim which has been established and can be enforced on express commitments is an accrued claim and may be paid, but after the effective date of the act I presume prices will have to go up to absorb those differentials.

The CHAIRMAN. The time of the gentleman from Michigan has again expired.

Mr. SPENCE. Mr. Chairman, I yield 15 minutes to the gentleman from Texas [Mr. PATMAN].

TARIFF FIRST SUBSIDY

Mr. PATMAN. Mr. Chairman, ordinarily I am opposed to subsidies. There are exceptions to almost all rules. Subsidies, however, are as old as the Government itself. I believe that it is a true statement of fact that the first general bill to pass the Congress of the United States more than 150 years ago was a protective tariff bill, which was a subsidy. We have had a subsidy ever since. The most enormous subsidy is the protective tariff. We have subsidized the merchant marine, and we have subsidized the Post Office Department, and practically every retirement fund in our Government is subsidized directly or indirectly by the United States Government. We have all approved subsidies in one form or another. It is very interesting to try to lay down a pattern by rule that will say, "Now, I favor certain types of subsidies, but there are other types of subsidies that I am against." The distinguished and able gentleman from Michigan [Mr. WOLCOTT] has endeavored to lay down a rule to the effect that he is in favor of subsidies that are essentially in the war effort, but he is strictly opposed to subsidies that are not essential to the war effort. If you will take the gentleman's

amendment and read it carefully, you will discover that he does not confine it to that. The object in bringing this out is to show that we are not always consistent. We cannot expect to be consistent always, because circumstances alter cases, and conditions and facts that enter into these things cause us to change our minds, or deviate from any rule we endeavor to establish.

The gentleman refers to a subsidy in aid of the war effort. I hope the gentleman will listen to this. The petroleum subsidy which saved the people of New England \$140,000,000 last winter—and I am glad that they were saved that much money—is that in aid of the war effort? Certainly not. Of course, the oil that went to the Atlantic seaboard, which went overseas to the war, was in aid of the war effort, and, according to the gentleman's standards the subsidy would be justified, but with the oil that went to thousands and hundreds of thousands of homes in New England, to homes where he says the people are better able to pay than ever before in the history of the country, that was not in the war effort, and he says why not let them pay the bill. That is not exactly in the war effort.

Mr. MARTIN of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. Yes.

Mr. MARTIN of Massachusetts. I want to tell the gentleman where it is in the war interest.

Mr. PATMAN. Oh, no; I said in the war effort.

Mr. MARTIN of Massachusetts. The gentleman realizes that the Government has taken over boats and thus made it necessary to transport a lot of coal and oil under a higher cost of transportation, and the Government is paying the difference.

Mr. PATMAN. The Government is paying it, but it does not come within the gentleman's definition. He says in aid of the war effort, but these people are able to pay this increased price according to his statement.

Mr. MARTIN of Massachusetts. If it were not for the war effort the expense would not be there.

Mr. PATMAN. What about sugar, and what about all those others items, and what about coal? Coal was not sent through pipe lines.

Mr. MARTIN of Massachusetts. But the same thing applies. Coal came by barge, because of the lower cost of transportation, and now it has to be transported by rail. It costs several dollars more a ton.

Mr. PATMAN. Forty million dollars was saved on coal which was transported by the railroads, and under the same conditions as before the war.

Mr. MARTIN of Massachusetts. Except much of it went by water before and now it goes by rail. I want to bring these things to the attention of the gentleman so he will have his facts correct.

Mr. PATMAN. I am really interested in the gentleman's attempted definition of a subsidy. If that amendment of the gentleman from Michigan is a clarifying amendment, I just cannot understand any amendment. I wish the gentleman

would read it, and if he can understand it, I wish he would give me his understanding of it.

Miss SUMNER of Illinois. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. Yes.

Miss SUMNER of Illinois. I wish the gentleman would make it clear that this Congress has never had an opportunity to vote on either the oil or the coal subsidy, that the oil subsidy was brought before our committee in a bill, and there was live opposition to it, in the committee, and the bill was withdrawn, and the subsidy was paid, without any action by Congress, by the R. F. C. I have never had a chance to vote on an oil or a coal subsidy.

Mr. PATMAN. And the gentlewoman has never heard of a single kick about it.

Miss SUMNER of Illinois. Oh, yes; I kicked about it.

Mr. PATMAN. From the Members on the gentlewoman's side.

Miss SUMNER of Illinois. The gentleman ought to remember that I kicked about it and objected to paying the oil bills of people on Park Avenue, though I did not object to paying them over on the East Side.

Mr. PATMAN. I am not surprised at the gentlewoman's statement. She is usually consistent. What about milk and the milk subsidy? Is that in aid of the war effort, subsidizing milk in Boston and New York City? Where does the gentleman find that in aid of the war effort? There is no attempt to stop that.

Mr. MILLER of Nebraska. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. MILLER of Nebraska. Did the Congress pass upon subsidies for milk, or did some bureaucrat pass upon that?

Mr. PATMAN. Well, it is a bureaucrat if it is wrong or against the gentleman's wishes, but it is all right if it meets with his approval. The same authority that put the coal subsidy into effect put the milk subsidy into effect, and under existing law they have the power to do it. That is under a law that this Congress passed.

Mr. RABAUT. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. RABAUT. I mentioned one that the Congress did approve. The lend-lease program is a subsidy.

Mr. PATMAN. Yes; that is a subsidy. But if we try to distinguish between subsidies we will have a very difficult time doing it. I see in this, in some subsidies, help to the farmer. All of us agree that some subsidies are good. Since we agree that some subsidies are good, such as on copper and different metals, cheese, milk, coal, and different things like that, and we approve them, we agree that there are some things where a subsidy is in the interest of the people. Since we know that and we agree to it, why should we hamstring the executive department and say "You cannot, under any circumstances or conditions, use a subsidy in the case of agriculture"? Why is agriculture to be picked out as the only segment of our population where there will be no deviation from the rule,

regardless of the facts and circumstances or conditions? Just think that over.

Mr. BARRY. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. BARRY. Are not soil conservation and parity payments subsidies?

Mr. PATMAN. Soil conservation is not, because they work for that. Parity payments are no more a subsidy than putting a floor under labor. It is in the same category exactly.

Mr. MARCANTONIO. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. MARCANTONIO. Is it not a fact that in the days of the depression and prior thereto corn and wheat and other products were subsidized?

Mr. PATMAN. Well, I would not figure 8-cent corn under Mr. Hoover during the depression a subsidy; or 4-cent cotton.

Mr. MARCANTONIO. It was exactly because of that condition the Congress went along with a subsidy.

Mr. PATMAN. Well, I think it is a little farfetched. When people work on a farm for 5 or 10 cents an hour, and even at the prices they are getting now they do not make 25 cents an hour, for the hardest kind of stooping and bending work that anyone can possibly do, under adverse weather conditions, day and night and at all other times.

Mr. MARCANTONIO. I do not want the gentleman to misunderstand me. I have always been in favor of measures guaranteeing the farmer a decent living. I have always voted in this House to help them get it.

TAX BILL A REPUBLICAN BILL

Mr. PATMAN. Let me talk to you about something that is more serious about this clarifying amendment, and I hope the gentleman from Massachusetts [Mr. MARTIN] will give his attention to this. Much has been said by our good friends on the Republican side—and I do not say this in a partisan sense—that they could do much better running this war and running our domestic Government if they just had charge of it. There is one bill that passed the Congress a while back that is a Republican bill—strictly, solely and purely a Republican bill. That was the tax bill. The Republicans wrote that bill. They are entitled to the credit, and I am willing to give them credit.

Mr. MARTIN of Massachusetts. Will the gentleman yield?

Mr. PATMAN. Yes, I yield.

Mr. MARTIN of Massachusetts. The gentleman knows that is not a correct statement.

Mr. PATMAN. Why, it could not have passed without your support.

Mr. MARTIN of Massachusetts. The compromise which passed came from a distinguished Senator; the Senator from Georgia [Mr. GEORGE].

Mr. PATMAN. Of course, in placing the monkey around on different backs, I am sure the gentleman would like to put it on somebody else's back, but the fact remains that the gentleman boasted he got his amendment, substantially his amendment, written into the law.

Mr. MARTIN of Massachusetts. No. The gentleman never boasts.

Mr. PATMAN. I did not mean it in any offensive sense at all.

WITHHOLDING TAX ON POOR NECESSARY TO PAY FORGIVENESS TO WAR MILLIONAIRES

Mr. MARTIN of Massachusetts. The gentleman knew that our amendment was rejected by this House on three occasions. There was the one part of the tax bill which the people will object to rather strenuously is the proposal by the Treasury Department, which was supported by the Democrats, and that is the withholding part of the bill.

Mr. PATMAN. You had to have the withholding tax to pay what you were forgiving the war millionaires. We forgave, under that bill, the millionaires seven or eight billion dollars, and you had to put this 20 percent withholding tax on in order to pay that. So on July 1, when that tax bill goes into effect, it can be pointed to as an example of legislative clarity on the part of our Republican friends. I am perfectly willing for them to have it.

INFLATION

Now, I want to talk to you about something that is more serious than subsidies, and that is inflation. Inflation is something that we often talk about but do not do much about. In 1930 and 1932 and along in there, a few of us were attempting to pay the veterans of World War No. 1 \$2,000,000,000 in new money. We were told that that would absolutely ruin the country. It would take a carload of greenbacks to buy even a package of cigarettes if we passed any such bill as that. Remember, that was in the depths of the depression when we had less than \$5,000,000,000 in circulation, and there was hunger everywhere. Yet \$2,000,000,000 would ruin the country. Here we have \$17,500,000,000 in circulation today, in the pockets and tills of the people, and we have over \$100,000,000,000 in circulation generally, yet we are seemingly not alarmed or disturbed about inflation. I cannot understand it. But may I invite your attention to the fact that if something is not done, and done soon, we are going to face the most serious inflation that any country on earth ever faced.

The kind of inflation that will probably take a wheelbarrow load of printing-press money to buy just a common, ordinary-sized loaf of bread. It can happen here. It has happened in other countries.

HOW TO STOP INFLATION

Now, how are we going to stop inflation? We must give the Executive the power to stop it. Subsidy, he says, is one way to hold down inflation. That is what we are told. We admit subsidies in some cases are good. So why say that subsidies are not good in the case of agricultural commodities?

Let us leave it to the Executive and he can pick out certain cases where a subsidy is good in the public interest; let him pick the one; give him the right to change subsidies so he can handle it.

But let me tell you where Congress is to blame. All of us right here are to blame for this. The only effective way

you can stop inflation is to syphon off purchasing power so that the people will not have the money to be in competition with one another to buy the limited supply of goods that will be available.

Mr. MILLER of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. Let me finish my statement and then I will yield.

That is one of the ways it can be done. That is one method; Canada used it, and that is the reason they can point with pride to the fact that they only have a dozen or two in Canada, and in England only 100 or 200 people enforcing price control, whereas here we have several thousand people.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. PATMAN. May I have 5 additional minutes?

Mr. SPENCE. I yield the gentleman 5 additional minutes.

Mr. PATMAN. But the difference is that in England and in Canada price control is easy because they have taken so much more money away from the people that they do not have the competition for their goods. Now, with reference to the action of Congress in 1942 and 1943 on taxes: Will you listen to this astounding, startling statement, that the people in Canada and the individual income tax payers in England will pay 300 percent more taxes for these two years than will be paid by the taxpayers in the United States, and yet we talk about doing something to stop inflation. We are not as a Congress doing anything to stop inflation. Not only are we not syphoning off the taxes that would make price control easier, but when the O. P. A. bill comes up here—the only agency that has been established with arbitrary powers to fix prices, when under the law of supply and demand they would get out of hand, and there comes a time when we must use arbitrary power—when the O. P. A. law was here for amendment we crippled it, and we hurt it, rendered it just as useless as we could by cutting a substantial amount of its appropriation.

So, we are not only doing nothing to stop inflation in an effective way, but the only agency that we have established with the duty of holding down prices we take advantage of at every opportunity to cripple and harm when it wants to hold down prices.

Not only that, when the O. W. I. bill came up here the other day—and I do not agree with everything the domestic division of the O. W. I. has done, of course, but generally they are charged with the duty of giving the people of America the facts concerning this war. This Congress and the people, before it was established, did not have the facts. We had one Cabinet officer saying one thing and another Cabinet officer saying another, but the O. W. I. must coordinate these different statements, must gather the news and must act as a news-giving agency, and give to the people of the United States the truth. The O. W. I. is charged with the duty of warning the people what the dangers of inflation are. They have one of the finest methods ever heard of; it is well

planned, over the radio, newspapers, and through different means of communication.

Mr. MILLER of Nebraska. Does the gentleman intend to yield to me?

Mr. PATMAN. In just a moment.

Yet, when the appropriation came up here we passed an amendment to absolutely destroy, put out of business, the domestic provision of the O. W. I. and yet we say we are against inflation. The RECORD of this Congress will show that we have taken advantage of every opportunity to cripple the agencies set up for the purpose of curbing inflation in addition to failing to pass tax laws that would siphon off excess purchasing power.

I now yield to the gentleman from Nebraska.

Mr. MILLER of Nebraska. I thank the gentleman very much.

Does the gentleman feel that the paying of a subsidy will add more money to the already enlarged public purse, and would that aid or retard inflation?

Mr. PATMAN. Well, of course, if you look at in the narrower way—the answer could be no, but I cannot agree that there is nothing else to it.

I do not know, but there are a lot of things subsidies will work on and some things it will not work on. The point I am making is that when we do not know, and since we cannot change the law quickly, because it takes time to change laws, let us leave it to the Executive, since he can, by a flick of the pen, if you please, make the change and if he makes a mistake it can be changed quickly.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Kansas.

Mr. HOPE. I agree heartily with the point the gentleman has made, that no serious effort has been put forth to curb inflation. Does not the gentleman think that if we roll back prices without rolling back purchasing power and wages we are simply going to widen the inflationary gap instead of contracting it?

Mr. PATMAN. No; the issue is: Hold the line; that is the object and aim. I may say to the gentleman that the total aggregate of all wages and services for last year was about \$100,000,000,000. Now, if we increase prices here and there, if we permit an increase in wages and salaries, which we will have to, of only 10 percent that means \$10,000,000,000 extra. Compare that with \$500,000,000 paid in subsidies; and, as the gentleman from Oklahoma [Mr. MONRONEY] often points out, the cost of the war appropriated or authorized to date has been \$220,000,000,000. Ten percent of that would be \$22,000,000,000. Compare that with \$2,000,000,000 paid in subsidies to prevent that increase.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. WOLCOTT. Mr. Chairman, I yield 3 minutes to the gentleman from Massachusetts [Mr. GIFFORD].

(Mr. GIFFORD asked and was given permission to revise and extend his own remarks.)

Mr. GIFFORD. Mr. Chairman, let there be no doubt about it, there is a battle royal on; there is a war between the administration and the Congress, and it may be a serious war. It is difficult for some of us at times to know exactly the cause of a war. I read recently of a man who said he was perfectly satisfied with the Trojan War because he knew what it was about: It was about a woman. I wish this were as clear as that, but it is not. This is a case where the farmers want adjustment by higher prices and the administration wants prices adjusted by subsidies for the benefit of the consumer. It is a clear case where the administration has violated the Price Control Act as passed by the Congress.

I have read with patience the entire debate in the other body the past 2 days. It really took a good deal of patience to do it. One whole afternoon was taken up by practically two Members of the body. They were very thorough. Interesting, indeed, were their conclusions: One Senator claimed that the act had been violated by the roll-back plan. There was no doubt about it in his mind, but as the President had consulted his Attorney General, and, as the Attorney General had given him a favorable interpretation of the law, he had obtained his objective by proper channels. So the Senator asked: "What can we do about it? We must carry out the commitments already made." The Wolcott amendment contains the word "accrued." Accrued, in the minds of many, includes promises made. These promises may cover an entire year of subsidy payments. What do we know about that feature of the price-control bill, "strategic materials"? Seemingly, meat and butter were suddenly thought to be strategic for carrying on the war effort, so under that surprising decision the R. F. C. was called upon to pay subsidies to lower the price to the consumer some 10 percent.

Where did the R. F. C. get that instruction? Through the Economic Stabilizer appointed by the President. I want to show you how they are kicking us around with our own feet, so to speak. They appoint Jimmy Byrnes, Marvin Jones, and Fred Vinson, great friends of ours whom we so highly respect, to tell their old friends what the administration says we should do. Great shrewdness has been shown in those appointments. Will they be persuasive with us to the degree expected?

What has brought all this trouble about? Let us further examine into this. Unquestionably, it has been brought about by the President's war with John L. Lewis. It is not about a woman, it is about John L. Lewis. It seems that John L. Lewis could have no argument if the hold-the-line order was successful. That was why the order was issued. Having issued it, he must stand by it. Also, today you and I are impatiently awaiting word as to the signing of the antistrike bill. Evidently the President hesitates, lest Lewis have something more to complain about; and if he can hold the line on prices, no matter about the method, even though against the direct action of

Congress, what does it matter as long as John L. Lewis can be deprived of an argument for higher wages?

Mr. CASE. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield.

Mr. CASE. I was wondering if the gentleman had some special knowledge which led him to say that he was awaiting the signing of the bill? For some of us have felt that more likely we were awaiting the veto of the bill. Does the gentleman have any special knowledge?

Mr. GIFFORD. I suppose I expressed the hope, the hope that is in my heart; and, of course, that hope is not that he will veto that bill because I know the roar of anger that will go up over this Nation if he should veto the bill, if you want to put it that way. Is the gentleman hoping he will veto the bill?

Mr. CASE. No; I am not hoping he will veto the bill, but we have waited quite awhile; we have hoped that he would sign it, but hope deferred 10 days sometimes maketh the heart sick.

Mr. GIFFORD. Of course, he seems to have tried to put off acting on the bill until the coal strike was adjusted. Our country is having to suffer much because of the antagonism between those two very determined men. I made the comment that Jimmy Byrnes, Marvin Jones, and our friend Vinson now hold the line for the Administration. Why were those people selected? They were selected, of course, because it was thought they could deal with us.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. In just a moment.

We cannot hear of a decision given by our friend the Economic Stabilizer without hearing the sound of his master's feet after him.

I yield to the gentleman from Texas.

Mr. PATMAN. The object of the hold-the-line order, as I understand it, is to hold down both prices and wages. Does the gentleman favor that or disapprove of it? As you have stated just a moment ago, every rule has its exception. The gentleman knows that this hold-the-line order was given that John L. Lewis would not be able to claim that the cost of living had gone up. Official statistics show that wages have increased 40 percent and the cost of living 24 percent during the last 2 years. I am one of those responsible and must now look at the result of our handiwork in reporting the O. P. A. Act. I helped set it up. Sometimes I feel ashamed of my handiwork. Many men of little or no talent have been appointed to carry its provisions out. I have read that if men were assigned according to their talents during these days the cows would be much better tended. Because of inefficiency and foolish regulations, I have had much trouble to justify this agency of the Government.

A Member of the other body, in spite of the fact he claims roll-back subsidies to be illegal, is offering an amendment on the floor of that body to grant \$500,000,000 for the R. F. C. and \$175,000,000 for the C. C. C. to carry on because of the commitments possibly already made. I hope I am making this point clear that if the butter and meat

subsidies keep up for a year they will, of course need that money. But, have they committed themselves for a year? Undoubtedly not. Neither does his amendment specify those particular items. Next month they might stop these particular subsidies, they then might have nearly the whole \$500,000,000 to use for some other payments they may want to try out where there was at that particular moment a feeling on the part of the public that they were being afflicted with too high a price. It is desired to make the consumer appreciate the bounty of his Government and to love this administration.

Probably there will arise a difficult situation. When this bill goes to conference, no matter what it contains, it is coming back to us from conference and then we must decide whether it will be \$500,000,000 plus \$175,000,000 or whether it will be the Wolcott amendment which will probably be placed in the bill today in place of section 6. Consumer subsidies once embarked upon would soon run into billions of dollars. Beware of the first step on that road.

The farmers need a little higher price for their milk. I want them to have perhaps 1 cent more a quart for their product. I thought when we set up the Office of Price Administration that when they found it necessary to protect our supply of milk they would raise the price a little and hold it on that point. That would have but little effect on the cost of living.

During the last year the cost of living went up 100 percent. Under present conditions of price control and rationing our cost of living will not go up over 10 percent a year. It will have to go up 10 percent a year for 5 years before the cost of living would go up 50 percent, yet they are bringing in the bogey of inflation when these little and necessary adjustments need to be made. But the "hold the line order" must be invoked lest John L. Lewis have cause to complain of higher prices. Lewis is a great general, his troops follow him and he must be defeated.

Mr. WOODRUFF of Michigan. Will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Michigan.

Mr. WOODRUFF of Michigan. The gentleman from Massachusetts has given us the facts with regard to the difference in the increase in the cost of living during the First World War and this war. Will the gentleman now give us the difference in the cost of labor in those days and today? In that way we can get some idea whether or not the laboring man is in as favorable a position now as he was at that other time.

Mr. GIFFORD. I have not those figures. Has the gentleman those facts?

Mr. WOODRUFF of Michigan. I do not. I will be very happy if he will do so.

Mr. GIFFORD. I cannot imagine that the labor costs increased as fast during the last war as during this one.

Mr. WOODRUFF of Michigan. I understand they have not.

Mr. GIFFORD. When I look at the civil-service records and see \$6 a day and

\$9 a day for doing very ordinary work, when I see our restaurants, our laundries denuded of help because of such high prices paid, as my memory serves me, that did not happen to such a degree during the last World War. But the point I wanted to make was the matter of inflation being brought in when slight changes in price schedules are contemplated.

Mr. WRIGHT. Will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Pennsylvania.

Mr. WRIGHT. I believe it was the gentleman's contention a few minutes ago that because the cost of living went up 1 percent a month, and I think it is closer to 1½ percent, it would only go up 12 percent a year. Does not the gentleman agree that if you have an increase in the cost of living followed by an increase in wages the spiral of inflation increases at a far more accelerated rapidity and there might be as much as 50 percent a year if some efforts were not made to control it?

Mr. GIFFORD. No. The present method of holding down prices on the whole has worked. We have generally held to the prices of last March 15. May I again say to the gentleman from Texas I hope that rule will stand many exceptions. I have one lone individual in mind who had to have 10 percent added to his price in September because his costs went up. It was from October until the following April before that one individual, hiring no help could be allowed that 10 cents to continue his small business. Of course, they finally granted his request, but it took months and months to get an answer. That is what we have been up against, the inefficiency, the inability of obtaining decisions, and so few in authority to really act. That is what has made our people hate the O. P. A. the way they do. How different the attitude of the public if this Price Control Act had been wisely and efficiently administered. Today we must protect the act from the whims of the administration itself.

We have surely held down the cost of living, except perhaps, as to some agricultural products which are now being considered in this bill. We are legislating today only relating to those products. Clothing and other articles may still have to be rationed, and the rationing system has apparently worked pretty well.

In fact our fortune seems to have been that we have held too many prices so low that we now realize that we may have stifled the incentive to produce and lack of production is far worse than paying slightly higher prices.

When we try to roll back prices, we do not help the farmer, but rather the consumer. Rationing must follow any scarcity of products and we are fast learning that it is something to be avoided if possible.

Mr. MARCANTONIO. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. Yes. The gentleman interrupts my line of thought, but perhaps it is well for him to do so.

Mr. MARCANTONIO. I am sorry.

Mr. GIFFORD. Oh, no; I think the gentleman may help me. He always does.

Mr. MARCANTONIO. When the gentleman considers the 20 percent withholding tax—

Mr. GIFFORD. It is not 20 percent if you have a half a dozen kiddies and have a lot of exemptions.

Mr. MARCANTONIO. The gentleman realizes that the average salary or wage of the consuming public is about \$2,500 a year. With a withholding tax of 20 percent and with prices going up, just what is going to happen to the average American family unless we have a roll-back of prices?

Mr. GIFFORD. The gentleman knows perfectly well they have to pay that tax sometime. If they do not withhold it now they pay it later. What difference does it make? Why give me that argument? Taxes have to be paid later.

Mr. MARCANTONIO. Granting that to be true, it does not change the situation.

Mr. GIFFORD. He has to save the money to pay his taxes next year, whether he pays it now or not. The average family can pay these prices now, rather than be taxed more to make food largesses granted at this time.

Mr. WOODRUFF of Michigan. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Michigan.

Mr. WOODRUFF of Michigan. Has it occurred to the gentleman that it does matter whether this job is done in one way or the other? If we indulge in more subsidies we must certainly have more of a bureaucracy with which to administer the same.

Mr. GIFFORD. Yes; a tremendous number of employees to be added.

Mr. WOODRUFF of Michigan. It adds tremendously to the cost of doing the very thing that every one of us wants done.

Mr. GIFFORD. We should go at this like the man intending to build a house. "He sitteth down and counteth the cost lest he will not be able to finish it." I have not the exact biblical quotation. But that is the text I thought to take. We begin the subsidy business with what has already accrued or has been committed, start with \$500,000,000, plus the \$175,000,000, as may be suggested to us by the other body, and when that is spent what are you then going to do? Our people will get into the habit of taking largesses from the Government. Can we stop then better or easier than we can stop now? Soon it would be \$2,000,000,000. It may be \$4,000,000,000. There would soon be no end to this expense or to this questionable method.

This hour is the time when we must decide. How much has already accrued? To how much have we been committed? Beyond these amounts we should not go according to the Wolcott amendment. Do not let us surrender, as they seem apparently to do in another body, and grant a whole year of extension of this unwarranted roll-back expense on our Government. Let us count

the cost in the beginning. Let us ask ourselves, "Will it encourage the farmer to produce more?" The answer is, "It encourages him to produce less, if anything." At this time we must act to induce him to produce more. If there is to be any subsidy paid, pay it to the farmer, as we really set out to do. We must eat even at higher prices. The O. P. A. was set up to grant reasonable prices and hold the line there. Why did they let some of the agricultural prices get out of hand and go way up above parity? It would seem that they are to blame for that. It may now be too late to try to roll them back. The farmer must receive his necessary price or he will not produce, and why roll back if proper prices prevail?

What has been the effect of the roll-back already? Why, it has been calamitous. The packers have closed their doors, black markets are everywhere. Why continue it? It has proven itself already as being absolutely inefficient.

Mr. CUNNINGHAM. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Iowa.

Mr. CUNNINGHAM. I agree with the gentleman it has been calamitous already. The next question is, What good will it produce? If I understand the purpose back of the roll-back, it is to make lower prices for the consumer. My question is, Are not all of our people consumers and are they not all now taxpayers? Therefore, is it not just a question of robbing Peter to pay Paul?

Mr. GIFFORD. Yes. It has been pointed out that we can pay our grocery bill now, if ever. If there are 10 percent who are unable to pay, let us go back to the stamp system, as was suggested by the gentleman from Massachusetts [Mr. HERTER] and let those people have the benefit by using that system. That would not be an unsafe sort of subsidy. But why subsidize me for my food when I am able to pay for it? As to those people who cannot, sometimes an individual must suffer when largely the whole people are benefitted. We understand that.

Miss SUMNER of Illinois. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Illinois.

Miss SUMNER of Illinois. Referring again to the packers, the gentleman from Illinois [Mr. SABATH] remarked that he did not care so much about the big packers, he was sorry that anything happened to the little packers, and that subsidies would help the little packers. The fact is that it is the little packers that are falling out all over the country and going out of business due to the roll-back because, while the big packers have lost, they say, something like \$30,000,000 on their inventories, they have glue, they have soap, and they have other by-products from which they can make money. But this roll-back has turned any number of small packers out of business.

Mr. GIFFORD. Let me remind the gentlewoman of something. They talk for the little packer and for the little man. They have acted the last few years for the big man, since the war came on.

You realize that. They act like a certain rich widow we have read about: "She cries with one eye and laughs with the other."

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. PATMAN. Mr. Chairman, I yield 5 minutes to the gentleman from Georgia [Mr. BROWN].

Mr. BROWN of Georgia. Mr. Chairman, I made a short talk on this bill on Tuesday, thinking at that time that the bill would be up on Wednesday. I undertook in that address to give the achievements and the history of the Commodity Credit Corporation. I think I proved conclusively that it is desirable and necessary to extend the life of the Corporation for 2 years. Unless we extend it as provided in this bill, the life of the Corporation will expire on June 30 this year.

There is a provision in this bill to increase the borrowing capacity in the amount of \$500,000,000.

Section 6 of the bill is controversial. That deals with subsidies. Regardless of whether section 6 is adopted as written or amended, I hope the Members of the House will vote for the bill so as to extend the life of the Corporation, and perhaps the objectionable features will be ironed out in conference. It certainly would be unfortunate not to extend the life of this agency.

In addition to what I said the other day I wish to state that this agency was organized to stabilize prices of basic agricultural commodities—cotton, corn, wheat, tobacco, and rice. Someone has intimated that this agency has not done so well. I wish to call your attention to the fact that this agency has made a profit of \$50,000,000 on cotton which it had title to and sold in the last 10 years. The C. C. C. now has title to 3,200,000 bales of cotton, it has loans on 3,000,000 bales, and it has a profit now, at the present price of cotton, of \$30 per bale on the 3,200,000 bales, so that if the Corporation were liquidated as of today, the entire profit on the stock now on hand would be approximately \$96,000,000. On corn this agency has lost \$42,000,000 up to the 30th of April, this year.

It has very little corn now, only about 10,000,000 bushels. On wheat it now has title to 300,000,000 bushels. The losses on wheat amount to \$52,000,000. The loss on tobacco is about \$2,000,000. Therefore, you see that the losses on corn, wheat, and tobacco are less than the profit we have on the 3,200,000 bales of cotton to which the C. C. C. now has title, and that is in addition to the \$50,000,000 profit received on cotton it had title to and sold. The losses on wheat and corn are due to sales out of normal use and converted for feed purposes and for alcohol. I do not know of any other agency that has accomplished for the producer of agricultural commodities anything like what has been performed by this agency.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. STEAGALL. Mr. Chairman, I yield the gentleman 2 minutes more.

Mr. BROWN of Georgia. Section 6 is controversial on account of subsidies. I doubt the wisdom of stopping subsidies that go direct to the farmer in order to produce necessary food to win this war. I doubt the wisdom of any subsidy known as a roll-back subsidy which does not go to the farmer. In order to have all of the production that is necessary to feed civilians and to feed the Army we ought to encourage the farmer. I think roll-back subsidy as a policy is not desirable as it does not help the farmer to produce more and to some extent is inflationary. I am afraid the tendency of roll-back subsidy would be to discourage production.

In the early stages of the operations of the Corporation the price of cotton was very low. I was kidded many times by friends from the North and a few from the West on the committee that we were carrying cotton at a loss of something over \$200,000,000 for a year or two, and the remarks on the floor of the House in criticism of the policy of the Corporation were that we were helping the cotton farmers too much. In those years there was no loss on corn and wheat but as cotton does not deteriorate, and corn, wheat, and other commodities do, the Corporation was able to hold cotton. The price went up and the Corporation sustained no loss, and now many of the Members who opposed my fight for loans on cotton agree that I was right and the loan on cotton has saved practically all criticism of the Commodity Credit Corporation, and the Representatives from the large cities should not object to subsidies being paid the cotton farmers. I still think the cotton farmer should have the profit, or some of the profit, made by the Corporation on the cotton it sold for a profit. At the same time I realize if it had not been for the C. C. C. holding cotton off the market the farmers would have suffered great loss.

The CHAIRMAN. The time of the gentleman from Georgia has again expired.

Mr. WOLCOTT. Mr. Chairman, I yield 7 minutes to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, when, due to war conditions, it becomes necessary for the Government to disarrange and reconstruct the transportation facilities of our economy, to divide up the continent of the United States into sales areas and allocate in those areas to individual processors who have historically sold in other districts, we set in operation new economic forces that have to be dealt with directly or indirectly. So with respect to that, I can understand why someone advocates and someone supports the idea of having the Federal Government assume certain transportation charges. Again, when on account of war, strategic and critical materials are being produced in less quantities than the war effort calls for, and where all of the planned economy is operating with which we are now dealing, I can also understand how the Federal Government may at times come in and indicate to some particular producer who can increase his products, that the

Government will pay above the market price, said market price being fixed by the Government agencies, provided that production is increased. Still again, when consumers' goods, both durable and nondurable, are disappearing from the market, due to the dollar flow which is increasing tremendously, the stream widening all of the time, and also to decreased production, and there is a disposition on the part of many and for economic reasons, to want to decrease the buying power, I cannot understand why people who claim to be intelligent will advocate a subsidy and the so-called roll-back theory and have the Federal Treasury actually pay a large percentage of the grocery bill of those who are receiving the benefits of the increased dollar flow, incident to war financing.

It seems to me that this House today will have to deal with that fundamental question. Furthermore, it is my firm belief that the introduction of subsidies into our economy on the plan that is recommended by the Chief Executive and the Administrator of O. P. A. is the most direct attempt to destroy our economy as it has developed over the last 150 years, that has yet been made. As a primary producer of foodstuffs, as one who is interested in manufacturing and processing of steel products as well as foodstuffs, as one who tries to be interested in transportation, I think that when we fully adopt the subsidy program, we serve notice on the economy of this country that it must cease to function as it has heretofore. On one lot of cattle which I have my manager says the market price has dropped \$5,000 since we started the discussion on this roll-back price proposition. That is something the gentleman from Texas [Mr. KLEBERG] was talking about the other day. This subsidy program certainly will not induce me to increase production, but it does create in me a fear that there will be no chance whatsoever for my economy to survive because, through the application of subsidies, you destroy my market. That is what you do exactly. Now, if you want the most beautiful illustration on earth of some of this stuff, you analyze carefully the operations of F. D. A. in the little country of Puerto Rico and see what happened, where all the food is subsidized. You do not have to wait 20 years to see this thing in process. Go look at what has happened in the last 6 months. Do you want your importers, wholesale jobbers, wholesale merchants, and retail people to remain in business in this country? Do you want that kind of a distributing system for your people? Do you want your farmers and tradesmen to have a market in which to trade their goods and their wares and convert their effort in the form of goods paid back to them in dollars with which they can go and trade with others?

If you want those things to continue, you had better not support this subsidy program. I am not discussing the inflationary aspects of it. I am talking about what it does to the markets of this country. If you have no market for beef cattle, you do not produce beef cattle. If you do not have any free market over

which you can trade in stocks and bonds, you do not own stocks and bonds. If you have no cotton market, you do not grow cotton. The destruction of the market destroys the economic lifeblood of the people.

Mr. CELLER. Will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. CELLER. What would you do? Let the law of supply and demand operate as against the law of self-preservation?

Mr. CRAWFORD. No; I would not let the law of supply and demand operate. It is silly to talk about that with the planned economy that is now in operation. If you are going to let it do that, you have to go back to the bottom and erase all of this planned economic interference.

Mr. CELLER. But could you have a roll-back without subsidies?

Mr. CRAWFORD. Why do you want the roll-back? Tell me why you want a roll-back.

Mr. CELLER. Because the workingman with a limited purse—

Mr. CRAWFORD. Which workingman?

Mr. CELLER. The workingman in my district.

Mr. CRAWFORD. What kind of work does he do?

Mr. CELLER. He does all kinds of work.

Mr. CRAWFORD. If he participates in the war effort he is getting war wages and he can afford to pay these prices.

Mr. CELLER. The average wage scale in my district is \$40 a week.

Mr. CRAWFORD. I do not know what the average wage scale is. I am asking what is the man doing you are talking about? If you cannot answer that question, you cannot intelligently discuss the other question.

Mr. CELLER. He works in the navy yard, in defense and nondefense industries.

Mr. CRAWFORD. Then if working in war industry he is getting the pay and nobody knows that better than the gentleman from New York. The idea of the gentleman from New York asking the people of this country to subsidize the grocery bill of a man who works in a navy yard at today's wages! That is too silly to discuss.

Mr. CELLER. I do not think it is fair to say it is silly, because I would not characterize the gentleman's argument that way.

Mr. CRAWFORD. You can characterize it any way you want to, because I know what wages are being paid on Army and Navy construction jobs and in those industries where armament, munitions, machine guns, and tanks, and planes are being built. The beginning wage rate in my town for war workers is around 89 cents an hour. I have about 26,000 organized workers in my area, and I am not going to stand here and advocate that the people of this country subsidize their grocery bills. Let them pay their own grocery bills out of the wages that the United States Treasury is paying them for the war work they perform.

Mr. JENNINGS. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. JENNINGS. Is not this talk of a roll-back a fraud on the very people that they are professing to undertake to help?

Mr. CRAWFORD. There is no question about that in my mind.

Mr. JENNINGS. You cannot get something for nothing in this world, and ultimately we pay for all we get.

Mr. CRAWFORD. We certainly do.

Mr. JENNINGS. They want to give it to them with their right hand and take it away with the left hand in taxes.

Mr. CRAWFORD. If you will look at the hearings you will find where I stated that the only real reason I can possibly figure out in connection with this particular roll-back program is to fix it so that whoever wants to do it can stand before his constituency in 1944 and say, "Now listen, boys, I had the subsidy put into operation so you would not have to pay so much for your grocery bill. You had better vote for me."

I do not have to campaign on that kind of stuff because I do not have to have a seat in this House, and if I have got to have that kind of palaver to elect me, my people can get somebody else to represent them on this floor, and they know what I mean by that. Let us pay our own grocery bills directly instead of through the Federal Treasury.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. BROWN of Georgia. Mr. Chairman, I yield to the gentleman from Oklahoma [Mr. MONRONEY] 10 minutes.

Mr. MONRONEY. Mr. Chairman, it is a pretty difficult thing to come to the floor and argue the question of subsidy in a few minutes' time, to go into this matter to which I have given a considerable amount of study, to realize that I am going against, the expressed wishes of many people in my district, because I come from a farming district. Yet I do not believe that I would be serving to the best of my ability and judgment if I stood here and through an oversimplification of the problem, oppose judicial and carefully spent subsidies.

I think if I could express in a few words my opinion, after study of this matter, I would put it in the words of Chester Davis, the War Food Administrator, when he appeared before our committee. I do not think any of us would accuse Mr. Davis of being a long-haired theorist. In fact, the Agricultural Committee has asked that he be put in charge of all farm programs, price and production, in the war effort.

Mr. Davis on page 23 of the hearings before our committee, said:

CHESTER DAVIS' STATEMENT

I said yesterday and I want to repeat now I think it is extremely dangerous to outlaw under a legislative label such as "subsidies" or "incentive payments" or anything of the sort, some devices that may be tremendously important in the case of some particular commodities at some particular time if we are going to get the production which after all is the most important thing we face in this country as I see it, and that is to get the production of agricultural commodities.

Now may I go further, because I also agree with his statement:

On the other hand I believe that a general reliance on a program of broad subsidies as a chief implement to prevent inflation is a dangerous delusion, partly for the reason the Congressman pointed out, and that for inflationary control in this country we have to have a broad and coordinated program that involves a great deal more than direct price-control orders or subsidies.

Now, in looking at the markets that we have, it is not a simple question such as if a man is guilty or not guilty; it is not a question of black or white, but we are dealing with a most tremendous system and as complex a thing as the world has ever seen, our far-flung price structures, the most extensive and diversified price structure that perhaps includes the greatest number of items of any nation in the world.

FINE BALANCE NECESSARY

I like to compare it with a finely tuned, elaborate harp: It is influenced by the weather, it is influenced by vibrations in the distance, and you men who understand the markets of this Nation know that a rumor of trouble in Texas, that a new kind of bug in Kansas, or bacteria infecting a herd of cattle in Montana will upset and have repercussions throughout the 48 States on our markets. And yet we propose by oversimplifying this question of subsidy to play on this finely attuned harp with a crowbar.

This is a most difficult problem; we have to decide, to draw the line where to use subsidies for the maximum benefits for the things that we are trying to accomplish. One is to get the production that this country needs for its war effort, and the other to hold prices down so that the Nation's cost of this food will not cause new adjustments and thereby force new higher wage costs to the Nation.

As I say, if we could simplify it down I believe everyone in this body would say that they are for good subsidies and they are against bad subsidies. I know that many are fearful of a misuse of subsidies. But Congress will be on the job, its committees investigating and watching the use of these moneys to see that they are placed where they will be beneficial to the war effort. I do not think we should adopt a lazy-man attitude and say, that simply because the problem is a difficult one, that it is not worth the effort to try to solve it.

We are talking here a lot about roll-back subsidies. Unfortunately, that is not a part of the Commodity Credit Corporation bill.

CORPORATION RECORD GOOD

The roll-back subsidy is the thing that they are trying to do through the Reconstruction Finance Corporation, which is being discussed over in the Senate. I asked the chairman of our committee if he could name any time or any instance where the Commodity Credit Corporation had violated good judgment or good, sound business sense in its subsidy operations, and he could not point out a single instance where that had occurred.

There are several amendments proposed to draw rigid lines against any kind of subsidies with the exception of wheat

for feed and for the oil and fats program. Both of those were two of the largest subsidy operations of the Commodity Credit Corporation, and Congress agreed it was a good subsidy operation. I am inclined to believe that as we go through the most difficult food years this country will ever face, that we will have other problems that must be met by judicious application of sound business practice and, perhaps, even the use of subsidies to get production, and we have got to exercise judgment on what effect this device will have on the whole problem of inflationary control and, ultimately, the cost to the consumer.

The problem that faces us is not as simple as some of the proponents of the Wolcott amendment would have us believe. To them it seems to be simply the question of whether the Government will pay subsidies to the producers to lower the cost-of-living index.

I am familiar with the Price Control Act, and I think I know what the provisions in it mean. I am convinced that there is no assurance from any source that prices will not be rolled back to lower the cost of living.

I know that the administrators of Government inflation program downtown have given their words that they are going to roll back prices to 1942, September, levels. They can do it under the Price Control Act that the Members of Congress passed. Then who is to blame? Congress fixed those floors in the Price Control Act, yet the price has gone up above those floors. The O. P. A. let many go up because we needed to get increased production. Now, if these prices are to be rolled back, they can be rolled back under the law without subsidies to the farmers, and the farmer take that jolt. You can save him by not forbidding completely all forms of these subsidy payments that will act as a shock absorber against the roll-back.

I am just stating this because it is a fact; it will be true under section 6 of the bill as it is now written, and it will be true under the Wolcott amendment that will be introduced. I think it is a thing that the Members from the farm districts who have farmers looking to them to see a little bit farther than their noses, for they are going to ask you many questions if this roll-back occurs. Let us look at one other factor that is rather important in this subsidy program.

In the R. F. C. bill, which is not before us, it is proposed to subsidize meats, cheese, butter, and milk, I believe. It happens that more than half of all these commodities are being taken by the armed forces. Let us not overlook the fact that since the Army is taking half that the cost either way goes to the Government on that half of the country's production. It comes out of Uncle Sam's pocket whether you subsidize at the bottom, or whether you let the price go up at the top. So on half of our production, the ultimate cost to the Army is identically the same. In some cases, it is possible that if these subsidies such as are applied by the Commodity Credit Corporation are applied at the base line, at the production line as they apply it, then, perhaps, it saves the Army, the

Navy, or lease-lend a little bit because the normal mark-ups of the processors are not reflected upon a higher initial cost.

Mr. MURRAY of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. MONRONEY. I cannot yield; my time is too limited.

Mr. MURRAY of Wisconsin. But the gentleman would like to have his facts accurate, would he not?

Mr. MONRONEY. I will let another committee member answer that ultimately; I am trying to talk against time.

Mr. MURRAY of Wisconsin. I surely would like to have him.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. STEAGALL. Mr. Chairman, I yield 1 additional minute to the gentleman from Oklahoma.

Mr. MONRONEY. In starting on this proposition ask yourself one question, and if you can be satisfied that an increase in the cost of these basic living items can be made without disturbing the Little Steel formula and without continuing the cycle of rising wages, then you should definitely and positively be against any kind of subsidy program no matter how judiciously it is applied. But if you are fearful, as I am fearful, that if we let prices rise we must break the Little Steel formula, then I think you had better begin to consider how this can be done through application of properly used subsidies carefully restricted and used at the proper place where the war effort will be helped.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

(Mr. MONRONEY asked and was given permission to revise and extend his own remarks.)

Mr. KEAN. Mr. Chairman, I yield myself 10 minutes.

Miss SUMNER of Illinois. Mr. Chairman, will the gentleman yield?

Mr. KEAN. I yield.

Miss SUMNER of Illinois. The gentleman is a member of the committee and heard the statement of the gentleman from Oklahoma who just preceded him. In all the time that we had hearings on the price-control bill, either in 1942 or the year before, did the gentleman ever once hear any witness from the O. P. A. say they intended either to let prices get out of line or to roll them back if they did let them get out of line?

Mr. KEAN. Certainly not.

Mr. MONRONEY. Mr. Chairman, will the gentleman yield?

Mr. KEAN. I yield.

Mr. MONRONEY. Is it not a fact, though, that under the law as the Congress passed it they can roll prices back and that we have absolutely no recourse?

Mr. KEAN. It is possible.

Miss SUMNER of Illinois. In other words, they just found a loophole in the law and used it in a way that was not contemplated by Congress.

Mr. KEAN. Mr. Chairman, I expect to pay my respects to the roll-back program under the 5-minute rule but while we consider this legislation for continuation of the Commodity Credit Corporation, it is well that we pause to take

stock of the activities of the many Government corporations. There are approximately 50 of them.

The Constitution provides that control of expenditures rests in Congress, but these corporations leave a gap in our control which is wide open.

Many have been set up under section 5-d of the R. F. C. Act, which provides that corporations may be created having the power, under subsection (a) "to produce, acquire, carry, sell, or otherwise deal in strategic and critical materials as defined by the President"—and he has declared about everything strategic and critical—and having the power, under subsection (g) "to take such other action as the President and the Federal Loan Administrator may deem necessary to expedite the national defense program."

In other words to do anything, limited only by the provision that it must be concerned with the national defense—and what action today is not concerned with the national defense?

These corporations are organized under various State charters and the powers granted them are very broad.

Some of the provisions of the certificate of incorporation of this Commodity Credit Corporation read as follows:

Under subsection (b) it has the authority—

to purchase or otherwise acquire, to hold, or otherwise to deal in, to sell or otherwise dispose of any and all agricultural and/or other commodities, and/or products thereof.

It may, under subsection (d)—engage in any activity in connection with or involving the production, carrying, shipping, storing, exporting, warehousing, handling, preparing, manufacturing, processing, and marketing of agricultural and/or other commodities and/or products thereof.

It may, under subsection (i)—enter into, make, perform, and carry out contracts of every kind and description for any lawful purpose without limit as to amount, with any person, firm, association, corporation, municipality, country, State, body politic, territory or government or colony or dependency thereof.

As shown on page 187 of the hearings, I asked Mr. Shields, general counsel of the Corporation:

Is not your charter so broad that you can do practically anything?

Mr. Shields' reply was:

In 1935 when Mr. Jesse Jones appeared before this committee to have the life of the Corporation extended, he said that under the charter this Corporation had the authority to commit murder.

Our committee found that, utilizing these broad powers, the Corporation has entered into activities which not only are contrary to the intent of Congress, but that it was also doing things which none of us had any idea it was doing.

Of course we had some knowledge of their subsidy program; but we found, in addition, they were incurring losses through purchases for the Lend-Lease Administration; and we found also that they were making purchases and taking losses—I quote Mr. Hutson:

To support the economies of our neighbors to the South—to assist in the stabilization of the economy of Brazil—to purchase

cotton under the good-neighbor policy and support the economy of friendly countries.

Now all of these undertakings may be advisable, but if they are to be done, they should be carried out under the direction of Congress by agencies created for these purposes, and the taxpayers' money should not be spent for such things by this agency, which was created merely to help American farmers, solely under Executive directive.

These charters are so broad that officials of the corporation feel they can do almost anything even though it is contrary to the will of Congress, unless Congress specifically provides, in this or some other bill, that they shall not do so. How can we foresee everything that they might do, during the next 2 years, in accordance with the broad provisions of their charter? Into what new fields will we find they may have entered when next they come before us?

Just the other day we read in the press that the Defense Plants Corporation—a corporation formed under section 5-d of the Reconstruction Finance Corporation Act for the purpose of aiding industry in building plants essential to the war effort—is going to be used to roll back meat prices.

I suppose the reason that this Corporation is being used is that it is in funds; though you may remember it was only last December that Mr. Jones came before the Congress and stated that he was entirely out of funds and would have to have \$5,000,000,000 immediately to carry out the legitimate functions of the R. F. C.

He did not get the money owing to the adjournment of Congress; and strangely enough since then he has made no further request for the funds which he stated at that time he so urgently needed.

Where he is getting the money now is a mystery. Feeling that, as a member of the committee which is responsible for the authority granted to the R. F. C., I should know what was going on, over 2 weeks ago, on June 10. I addressed a letter to Mr. Jones asking if he could inform me where he was getting the money which he seems to have in abundance now, in spite of his protestations of last autumn. As yet I have not had the courtesy of a reply.

It seems to be easier for him to get the money than to explain where he is getting it; or does it embarrass him to tell Congress where it is coming from?

Through these corporations which it has fathered, the R. F. C. has become a great octopus through which the will of the people, all unknown to them, may be thwarted.

Under authority granted by the War Powers Act, the President has given directives to the Board of Economic Warfare and other agencies to direct expenditures of money of these corporations, even over the protests of those who are in charge of their operations.

As you may read on page 192 of these hearings, the general counsel agreed with me that, under present law, the Board of Economic Warfare could order the Commodity Credit Corporation to

use all of its funds for the B. E. W.'s purposes at their direction.

One of the reasons that section 8 was incorporated in this bill was to prevent such action.

Mr. Chairman, I feel that these corporations are dangerous. If we are to have a government in keeping with the spirit of the Constitution, if Congress is to control spending, these corporations must be curbed and long-term planning should provide for their liquidation; or if they are to remain in existence their present charters should be surrendered and Congress should specifically provide what they can and cannot do.

This problem is one to which we should give the most serious consideration.

Mr. STEAGALL. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. WRIGHT.]

Mr. WRIGHT. Mr. Chairman, in the early part of the debate on this bill I asked the gentleman from Michigan [Mr. Wolcott] whether or not the issue before the House today is not, "Who is going to bear the extra living cost due to the increasing cost of food commodities?" It is whether or not this cost should be passed on to the ultimate consumer or whether the Government should not bear a certain portion of the cost. The gentleman stated that that in essence was the issue.

This, of course, brings up the question of subsidy and roll-back. Those words are possibly bandied about and not too well understood. We have had an average increase in the cost of living of about 1½ percent a month during the last few months. The gentleman from Massachusetts [Mr. Gifford] suggested that if this figure were multiplied by 12 it would give some fair indication as to how much living costs would increase in the next year. I do not believe that any person who has studied the inflation in other countries will agree with this. If there is an increase in living costs and if there is a consequent demand for higher wages, and then a demand for higher prices, and for higher wages again, the rate at which the inflationary spiral will ascend will accelerate astronomically. In other words, instead of a 12 percent increase in living costs during a year's time you may have a 50 or 100 percent increase, then after it gets beyond control the rate of increase is so rapid it would be impossible for any of us to measure it.

Several of the members of the committee besides myself do think that we should completely tie the hands of the Executive or of any of the administrative departments in sweeping and all-inclusive language against the use of subsidies. We do not think on the other hand that the use of subsidies is a good over-all method for the control of inflation. We were all unanimous on that. We think, however, that the next 6 months or year will give us the answer as to whether we are going to have inflation or we are going to check inflation.

I will give you a few reasons why I say that. Organized labor has, with one glaring exception, been willing to abide

by the Little Steel formula. The Little Steel formula was based on an estimate that there had been an approximate increase in living cost of somewhere around 15 percent from the time of Pearl Harbor until September 1942. So the War Labor Board ordered that any group of employees, any union group that had obtained a 15 percent increase in wages during that period of time was barred from obtaining any further increase in wages, and any group of wage earners who had not obtained a 15 percent increase could obtain an additional increase up to the 15 percent. Since September 1942 the cost of living has gone up about 1½ percent per month. If this formula provided a fair solution, if the leaders of organized labor and the working people of this country, who were patriotic, were willing to abide by this formula which after all is a check on inflation, and if by means of it they have succeeded in stabilizing reasonably the increase in wages, then obviously they are entitled to an increase in wages since September 1942, which is commensurate with the increase in living cost during that period of time. The reasoning is stronger, of course, in the case of people who do not belong to a union, people working for salaries, the so-called white-collared class, who have had no increase in their compensation at all or none commensurate with the increase in the cost of living.

How are you going to arrive at an equitable ratio between income and cost of living? You can do it in one of two ways. Some Members say, "Let the consumer pay the added cost of the production of agricultural products." If you will let the cost rise and rise, and remember if you pursue this course that the peak in living costs will never be reached. It is a steadily rising increase at the present time about 1½ percent a month. Or by skillful use of subsidies you can cushion these demands at the present time. You can say, "We do not want wage earners to ask for more wages now because if they ask for more wages everybody else will want more wages, the farmer will want more income, and so on ad infinitum. Let us stabilize wages and costs for a period of about 6 months or a year and we will have the inflation problem beaten. But if the increased cost of living must be borne by the wage earner, demands for higher wages which will be irresistible will break down the Little Steel formula."

I attended a meeting this morning at which I listened to an address by Philip Murray, president of the C. I. O., who is trying his best to cooperate with the war program of the President and trying his best to cooperate with the anti-inflation program. He stated at this meeting that unless prices are rolled back so that the price of food to the workers is fairly commensurate with their wages, which have been frozen since September 15, 1942, they will be forced to demand a higher rate of wages.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. WRIGHT. I yield to the gentleman from Kansas.

Mr. HOPE. The gentleman does not contend, does he, that the income of organized workers has not increased since last September? There have been substantial increases in the income of the organized workers or of all workers since last September.

Mr. WRIGHT. Not generally, I would say, unless you have a case where they have not had the 15-percent increase or unless you have a case where a man has been placed in a higher position.

Mr. HOPE. Of course, the 48-hour week has gone into effect in a good many industries and there has been an increase in average hourly wages because of the overtime in some cases. In other cases there have been wage increases.

Mr. WRIGHT. In some cases there have, but in answer to the gentleman, may I state this? It is idle to state in this House that the average annual income of the worker has increased by so many percent, 100 percent or so, unless you pick out your various salary and wage groups and find out how it affects each income bracket. I mentioned the white-collar class a moment ago. This group is not getting any increase to speak of at all, and there are many people in the unskilled groups in organized labor who are not getting any appreciable increases in wages. Admittedly there are some high wages paid.

Mr. HOPE. But from the standpoint of inflation, if there has been an increase in the national income through wages and salaries since September 1942, and we now roll back prices to that date without rolling back this increase in income, we are increasing the inflationary gap, are we not?

Mr. WRIGHT. There is a certain amount of reason to the gentleman's position, but on the other hand if they had not adopted time and a half for overtime with the 48-hour week you would have a reduction in the income of very many workers, so it was felt best to give a few of them an increase so that you would not reduce the income of the rest of them.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. WRIGHT. I yield to the gentleman from New York.

Mr. CELLER. I am informed by the Labor Department that the average wage scale for all workers in all manufacturing industries, war and nonwar, is \$41 a week. As against that, prices of food, clothing, and medicine have advanced since August 1939, 54.4 percent.

Mr. WRIGHT. I think those figures are approximately correct.

Mr. CELLER. Therefore, they are being squeezed between what they receive and what they have to pay for.

Mr. LYNCH. Mr. Chairman, will the gentleman yield?

Mr. WRIGHT. I yield to the gentleman from New York.

Mr. LYNCH. As I read section 6, I understand that no funds of the Commodity Credit Corporation can be used for subsidies or roll-backs. Is that correct?

Mr. WRIGHT. Not only can no funds of the Commodity Credit Corporation be

used but no funds of any Government agency. This provision would forbid the roll-back program, which has now been advertised to the country and on which the people are depending, out of funds of the Reconstruction Finance Corporation.

Mr. WEISS. Mr. Chairman, will the gentleman yield?

Mr. WRIGHT. I yield to the gentleman from Pennsylvania.

Mr. WEISS. I fully subscribe to the gentleman's statement. May I say that the arguments advanced in the House this afternoon were the same as advanced in the British Parliament against subsidies. Today British public opinion universally acclaims the present British Price Control Act with the wise administration of subsidies.

Mr. WRIGHT. I believe the British have handled the situation very well. I do not know whether or not the same employment of over-all subsidies for all commodities would be effective here. I do not believe it would, but I think the weapon should be afforded to the Government agencies in extreme situations.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. WOLCOTT. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. SMITH].

(Mr. SMITH of Ohio asked and was given permission to revise and extend his remarks in the RECORD.)

Mr. SMITH of Ohio. Mr. Chairman, I intend to offer two amendments to this Commodity Credit Corporation bill, one to strike out the \$500,000,000 and the other to provide for the auditing of this agency.

Mr. CASE. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Ohio. I yield to the gentleman from South Dakota.

Mr. CASE. Before the gentleman starts his argument, may I make this comment on the discussion which was going on just before the gentleman took the floor. It seems to me that the fundamental fallacy in a great deal of the discussion about the relative advance of wages and the cost of living since a date in 1939 is that it overlooks the fact that the base period at which they start was at a time when there was not a proper relationship between commodity prices and wages, that wages had advanced then far beyond prices of farm commodities. A second fallacy is that we did place a ceiling upon farm prices before a ceiling was placed upon wages; consequently, during a period when wages were free to advance commodity prices were not free to advance.

Mr. SMITH of Ohio. In commenting on the gentleman's statement I simply say that I think the New Deal has definitely decided to liquidate the farmer. I am against that and think it would be better to liquidate the New Deal.

No justification at all was shown for the request of \$500,000,000 additional borrowing power before our committee. When the discussion finally ended on this \$500,000,000, it took the form of, "We had better put it in, anyhow." So

there is no reason at all why we should vote for this \$500,000,000, and there is no reason why we should ask that the operations of this agency should not be placed under audit the same as other agencies of the Government. Of course, there are a lot of New Deal agencies that are not subject to audit. A good many of the 30-odd lending agencies are not subject to audit.

I am wondering why it would not be a good plan to put in a little amendment in the bill which would provide for abolishing the cost of living altogether. If you can abolish a part of the cost of living by subsidies, why can you not abolish all of it? Why can you not do that?

It is said here on the floor that our posterity will have to pay for this cost. There is another cost involved in the subsidy program for which this generation will pay. We are going to pay for it in regimentation, in being bossed around by the bureaucrats. We are going to pay for it with Gestapo tactics.

We are not going to escape the cost of a program of this kind. A few moments ago, one of the Members who spoke on the floor said the matter of regulating prices is a complicated process. To be sure, it is complicated, and nothing proves it any more than the state of affairs which prevails in this House at the present time. When the New Deal started out to control and regulate prices, as it did as soon as it came into power, it entered into a domain that meant trouble for this country.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Ohio. Not now. Leaving out of consideration whether there is or is not involved in New Dealism a deliberately concealed plan to destroy the American form of government and substitute for it a collectivist state, it is unquestionably true that the main thing that characterizes New Dealism is subsidization with taxpayers' money of certain groups at the expense of other groups.

Indeed, the very heart and soul of New Dealism is the exaction of funds from one group of citizens and handing them over to another group of citizens. One trouble with this scheme is that the receiving groups never get as much as was extracted from the giving groups. The difference goes to the administrators of the scheme, and, except for this one little element in the New Deal, there probably would not be any New Deal.

Mr. Chairman, examine the thirty-odd New Deal lending agencies—the Thomas inflation amendment, the joint resolution of June 5, 1933, the Gold Reserve Act of 1934, the Silver Purchase acts, the Agricultural Adjustment Act, the Commodity Credit Corporation acts, and so forth, and see if it will not be found that the principal effect of the operations of each of these acts is the transference of property from one arbitrarily designated class to another arbitrarily designated class. Was not this the stated purpose of some of the main New Deal programs? Did not Senator Thomas boldly state that the gold devaluation clause would have the effect of redistributing \$200,000,000 worth of the Nation's property?

Look at the New Deal laws pertaining to agriculture. Excepting that part of this program which has to do with restricting crop production and the regimenting of farmers, there is little else that these acts accomplish but what ultimately amounts to the paying of subsidies.

All agriculture support prices, parity payments, as well as soil conservation payments, resolve themselves ultimately into Federal subsidies. This is no fault of the farmers. The fact is the farmers never asked for any benefit payments and never wanted any. They always wanted their prices made in the market, not at Washington. The only reason they took any payments was because the New Deal failed to provide the conditions which would have permitted them to receive a fair and honest price in the market, and because they had to pay a part of the payments themselves in taxes. In the end, it amounts to the farmers having been forced by the politicians and bureaucrats to take the payments.

The real rationale of New Deal philosophy is the promise to give everybody something for nothing. As long as the New Deal could resort to deficit financing, charging its failures and the effect of its nostrums to future generations, things went along pretty well. But it does seem that the New Deal has now just about reached the end stage of its utopian promises. If I understand the avowed purpose of the so-called roll-back program it is to somehow make it possible for the consumers of the Nation to get a part of their living for nothing. Indeed, it appears to me there is something about this price roll-back plan which holds out a sort of hazy, potential promise of abolishing the cost of living altogether. If you can eliminate a part of this cost of living with subsidies, why not eliminate all of it with subsidies?

The New Deal never had but one cure for every political affliction it thought existed and for a lot that didn't exist—namely, deficit financing.

Similia similibus curantur—like cures like—so said the old physician Hahnemann. So taking its cue from this misquoted old doctor, the New Deal seeks to cure inflation with inflation.

Every dollar raised for the payment of these subsidies will be Government printed money which is the real inflation that is causing undue rise in prices in this country.

In seeking to cure inflation with subsidies, the funds for which must be raised by printing press money, we see the ultimatum of New Dealism.

The CHAIRMAN. The time of the gentleman has expired.

Mr. STEAGALL. Mr. Chairman, I yield 8 minutes to the gentleman from North Carolina [Mr. MORRISON].

Mr. MORRISON of North Carolina. Mr. Chairman, I think it might help us to give some thought to what we can do best for our country through legislative enactment, and what can best be done through the executive or administrative branch of the Government for the people. It seems to me as a new man around here for a few weeks, that I have

discovered too much pressure from the executive branch of the Government, trying to tell the legislative branch what to do, and I think we have been a little bit too busy trying to see to it that the executive branch of the Government does things as we think they ought to be done. I think each is independent, but when discharging its duties our division of powers should be respected.

Now we talk about subsidies, and our definitions of them and whether we are opposed to them or not. Why, as a regular diet, we are opposed to all these things we are having to do, in order to prosecute this war successfully. I am opposed to price fixing, but we know very well that if we do not do it, we would be in chaos and demoralization directly. There are many things we have to do in order to move wisely and orderly to the victory ahead of us in this war.

Now, what is a subsidy? We usually think of it as a gift to a particular group at the expense of all the people, for their private enrichment. There is not any suggestion of such a subsidy here. We are going to give this subsidy to those who distribute to the people a staple food. It will go to everybody alike, and when we pay it we will pay it by a just and uniform tax, designed to touch every class alike.

I think we have been doing very well. While I hate to disturb the happiness that some people seem to enjoy in drawing pictures of woe and destruction and all that, it reminds me of the old fellow I heard of who met an old friend and he asked him how his wife was. "Well," he said, "she has been enjoying bad health for several months, but right recently she has been complaining of being a good deal better than she was."

Now we are harvesting the crop. We have come up to now in triumph over all our difficulties to a degree that is amazing and difficult to understand. Now we are gathering the oats. We are gathering the barley. We are gathering the wheat. Corn is just ahead of us, but the other cereal grains that we are gathering will do much to weaken the pressure of our corn. We are doing very well. Now we have under consideration whether we will tie the executive or administrative branch of the Government in a statute, foreseeing in our greater wisdom all the twists and turns that may take place in the future. I submit that the heads of these great departments in patriotism, in wisdom, and in experience are our peers, and that in the very nature of this business they can do a much more successful job if we give them the resources and let them understand that we want to keep prices down; not only to prevent inflation, but to prevent the poor people of this country from starving to death on account of high prices which they cannot pay.

The great abundance of money in the country does not reach everybody. It is in the hands of a few groups. Millions of our people are making no more than they were making before this war started, and they are bearing all of its difficulties. We are forgetting them in our zeal to smite some group somewhere that is making a little more money than they ought to have. Oh, you cannot argue

against success, as old Bob Burdette said. As such things go, we have succeeded up to now. We have helped feed our allies. We have kept our people and our country healthy and well fed. Today we have more foodstuffs than ever before in the history of this land; and under a leadership that has made mistakes—and God knows I get as mad with them as my friend DIRKSEN ever dared to get—but on the whole they are winning in this fight, and I urge all those who hear me not to become partisan or factional. This benefit, if it is a benefit, will go to all the people of the land. It goes to no special group. It will be paid back by all the people in the land.

Mr. CASE. Will the gentleman yield? Mr. MORRISON of North Carolina. I would like to, but I have been trying to make a speech on this subject ever since I have been here and I have been able to get but a few minutes to do it and my time has almost expired now.

Yes; you say we have got to stop inflation. Inflation is a Hydraheaded monster. We have to fight it in many ways. But up to this time, while not completely successful, I dare say in all the history of the world, greater success in our fight against inflation was never made anywhere. The battle goes well. If we can keep keep partisanship out of this business—one of my friends when I was speaking the other day threw a political rock at me and I threw two back at him, and I have been ashamed of it ever since. This is no time for party. This is no time for class feeling. This is no time for sectional feeling. We must win this war. The armies that are carrying our flag to victory are not made up of party people. They do not know anything about that. They are not made up of city people. They are not made up of country people. They are made up of every class. Let us legislate and let the executive officers execute our will, expressed in broad statute, with resources behind those statutes to put them into effect.

The CHAIRMAN. The time of the gentleman has expired.

Mr. WOLCOTT. Mr. Chairman, I yield such time as he may desire to the gentleman from Illinois [Mr. HOWELL].

(By unanimous consent, Mr. HOWELL was granted permission to revise and extend his remarks.)

Mr. HOWELL. Mr. Chairman, judging from expressions of sentiment received by Members of Congress from all sections of the Nation, the American people generally are opposed to further extension of subsidies by the Federal Government as a means to roll back prices.

As a Member of Congress, representing the Twenty-first Illinois District, which is one of the best farm areas in the United States, I am firm in my opinion that there is no substitute for a fair price to the farmer in the market place, and, consequently, I am opposed to subsidies in any form.

Subsidies will cause heavier expenditure of public funds, and, therefore, in the final analysis will not only increase the tax burden of the farmers, themselves, but will contribute to the inflation

spiral, thereby defeating their own purpose. At the same time, subsidies will offer another excuse for the extension of more bureaucratic controls over the economic life of our country.

In this connection, it is interesting to note that the Midwest farm bureaus of the American Farm Bureau Federation, at a conference in Chicago on June 23, adopted a resolution which charged the subsidy and roll-back on foods proposed by the administration as a "subterfuge for increasing wages and other consumer incomes already at inflationary levels."

Continuing, the resolution said:

It—

The subsidy program—

will be expensive to administer, benefits will be small in proportion to total cost, it will continue the already existing ruinous confusion, it contributes to rather than controls inflation, it will decrease rather than increase both agricultural and industrial production, it will impose further regimentation of production and distribution, and will aggravate our post-war price and income problem.

For these and other equally important reasons, this conference of Midwest farm bureaus, representing 12 States and 300,000 members, respectfully petitions our Federal administrative authorities to cease their effort to inflict this program upon us. We call upon our Congress to enact legislation which will prevent any general continuance or revival of this ill-advised experiment.

In the past few days, I have been the recipient of numerous telegrams, letters, and long-distance telephone calls from businessmen, farmers, and taxpayers urging me to oppose the subsidy program. I would like to quote several of them.

Mr. Joseph E. Boyd, of Taylorville, Ill., as chairman of the Christian County War Board, telegraphed me as follows:

Farmers in this territory oppose roll-back in food prices to supply cheap food when workers are receiving wages sufficient to pay fair prices. Strongly urge you to oppose any legislation to roll back prices on farm products. Drop in cattle and hog prices at all markets are very discouraging to producers of livestock at a time encouragement is needed most.

The First Trust and Savings Bank, of Taylorville, Ill., telegraphed me as follows:

It is our information that you are opposing the administration program to roll back food prices by the subsidy method. We are experiencing the competition of Government subsidized credit agencies originally designed for an emergency now expanding and soliciting good credit risks at a time when all banking institutions have an excess of idle funds. Is it our observation that once a subsidy bureau is established it is seldom abolished. We commend you on your opposition to this subsidy.

Mr. D. L. Clarke, Springfield, Ill., president of the Sangamon County Farm Bureau, wires as follows:

Urge your active opposition to roll back of food and agricultural products sponsored by administration and labor leaders. We believe burden will fall on farmers and taxpayers and, probably more important, that it will seriously interfere with food production program. Also believe there is no stopping place on the subsidy program once started.

Mr. Claude W. Mitchell, Springfield, Ill., secretary of the American Berkshire Association and editor of the Berkshire News, wired as follows:

The sentiments we have received from our members and readers in Illinois indicate they are unalterably opposed to subsidies. We believe their reactions accurately reflect the sentiments of all those connected with agriculture in this State. Therefore, we appeal to you to stand by your guns and vote for the Wolcott amendment. Please convey these sentiments to your colleagues. This is a fundamental fight.

In addition, I have received many more telegrams, which in essence state as follows:

Urge you oppose food price roll back and subsidy program.

Meat subsidies will curtail the production of livestock to a great extent.

Urge your strong opposition to roll back of food prices.

Be sure and oppose food price roll-back program.

We believe roll-back and subsidy program will injure livestock production and the whole Nation. We are depending on you to protect the livestock producers' interest at this critical time.

The roll-back price bill and subsidies on farm products would mean higher taxes on everyone. Urge you oppose.

Urge your opposition to roll back of food and agricultural prices being pushed by administration.

Urge you oppose farm price roll-back program and subsidy program which we believe will seriously affect food-production program.

The roll-back bill and subsidies on farm products would add untold millions to the taxpayer's burden. If our laboring class can't pay their way now, God pity us if we should ever have a depression and subsidy to pay on top of it. I urge you to oppose these measures.

Government programs relative food price roll back and corn opposed by all agricultural people here. Urge your active opposition to administration-sponsored programs.

This resolution and these telegrams sum up accurately and effectively the attitude of the great Farm Belt of the Middle West with reference to the subsidy program. I would, however, like to add one additional thought, and that is that the cost of administering a subsidy program as suggested would run at least \$50,000,000 a year. This would mean, of course, additional auditing and book-keeping, to say nothing of the inevitable increase in pay-rollers in bureaus in Washington and in the field offices.

The American people have learned enough lessons from their dealings with the Office of Price Administration and other Federal bureaus to want to avoid any further involvement in red tape. I appreciate the position they have taken and I recognize their desire to protect and maintain the American system of free enterprise, in which I heartily concur.

Among those individuals in the Twenty-first Illinois Congressional District and vicinity who have expressed opposition to the subsidy and roll-back program have been:

Mr. Alvin Marten, Alexander, Ill.; Mr. S. J. Snell, Auburn, Ill.; Mr. F. E. Morris and Mr. Robert Garvey, both of Buffalo, Ill.; Mr. J. H. Schumacher, Beardstown, Ill.; Mr. H. Melville Schultz, Mr. Gilbert

H. Kasten, Mr. Steve Marko, Mr. Harvey Bloome, Mr. John Kaburick, Mr. G. O. Morehead, Mr. Cecil Denby, Mr. Henry Lehmann, Mr. A. G. Schoeneman, Mr. J. S. Hounsley, Mr. W. C. Wohler, Mr. William Thomas, Mr. Otto Harms, Mr. Arthur Stadler, and Mr. Joe Kaburick, all of Carlinville, Ill.; Mr. John P. Stout, Mr. J. C. Quisenberry, Mr. John Woodside, and Mr. George Theilen, all of Chatham, Ill.; Mr. Floyd Lewis, Curran, Ill.; Mr. H. C. Irwin, Mr. Frank Reller, and Mr. Gerald M. Waters, all of Edinburg, Ill.; Mr. A. N. Carpenter, Franklin, Ill.; Mr. T. H. Lloyd and Mr. Elmer H. Kessinger, both of Girard, Ill.; Mr. Eugene Pfeifer, Kenney, Ill.; Mr. H. E. Pickrell, Lanesville, Ill.; Mr. Sam Sparks, Jr., Lincoln, Ill.; Mr. Fred Kloppe, Loami, Ill.; Mr. Evan Taylor and Mr. W. M. Goff, both of New Berlin, Ill.

Mr. Meade McWilliams, Pawnee, Ill.; Mr. J. Kennedy Kincaid and Mr. C. C. Stier, both of Petersburg, Ill.; Mr. Scott Irwin, Mr. T. D. Irwin, Mr. Emery Purvines, Mr. William B. Miles, Mr. H. H. Muncéy, Mr. Walter Nottingham, and Mr. Kenneth Stringfield, all of Pleasant Plains, Ill.; Mr. A. R. Booth, Mr. George Gunnett, Mr. J. Ward Hopwood, Mr. Alfred Odiorne, and Mr. Carl F. Ostermeier, all of Springfield, Ill.; Mr. B. H. Wageholz, Mr. J. A. Donner, Mr. Carl Reincke, and Mr. Maurice Parrett, all of Taylorville, Ill.; Mr. George M. Miller, Virden, Ill.; Mr. Elmer Reichert, Virginia, Ill.; Mr. R. C. Downing, Waverly, Ill.; and Mr. John T. Cooper and Mr. Milton E. Jones, both of Williamsville, Ill.

Mr. WOLCOTT. Mr. Chairman, I yield such time as he may desire to the gentleman from Oregon [Mr. ANGELL].

(By unanimous consent, Mr. ANGELL was granted permission to revise and extend his remarks.)

OLD-AGE SECURITY

Mr. ANGELL. Mr. Chairman, while we are discussing wages, roll-backs, subsidies, and the cost of living, and before we take a recess we should also consider an increased allowance to our old folks so they may keep body and soul together. Mr. Chairman, I am sure no one will question the need for the Congress to recess during these hot summer weeks. As shown by the weather records, Washington this summer has experienced the hottest June since these records were kept. While congressional offices and the House and Senate Chambers are air-conditioned, the contrast between these air-conditioned buildings and the rest of Washington during this extreme summer heat not only is a severe handicap to the orderly transaction of business here in the Capital, but slows down materially the efficient work of the Congress.

For almost 4 years there has been no opportunity for an extended cessation of congressional work so that Members might return to their districts, not only for a needed rest but also to acquaint themselves with the problems of their respective districts and confer with their constituency upon the momentous problems which are facing us during this critical time. However, Mr. Speaker,

while I feel the need of returning to my district for all of these reasons, not having had an opportunity to be home but for a few weeks during the last 2 years, I feel that it is more important to clear the legislative calendar before a recess is had so that all important legislation which in any way will help in the prosecution and the winning of the war will be disposed of. We must also provide for the reconvening of the Congress immediately if necessity requires.

We should before recessing make some provision for increased allowances to our elderly citizens under the old-age security or pension program. We should at least before recessing make temporary provision for our elderly citizens by increasing their monthly allowances to cover increased living costs under war conditions until the Congress enacts a permanent old-age security program giving to our elderly people participating therein sufficient monthly remuneration to permit them to live in decency and health. It would be a mistake, Mr. Chairman, for Congress to recess before providing for these much-needed increases as a war emergency.

The Bureau of Labor Statistics recently reported that city workers now pay 21.1 percent more for cost of living than they did in January of 1941. Food prices show the sharpest rise, averaging 46 percent above those of 1941. The cost of various services required for living, especially medical care and other personal services, show the next highest increase. The millions of elderly men and women who are on fixed monthly pension incomes are required to meet these high costs of living from their meager allowances which have not been increased. The seventh annual report of the Social Security Board shows the average old-age assistance to be \$21.83 a month. These payments have remained stationary, with the exception of small increases in certain States, throughout the war period, notwithstanding the increased cost of living expenses.

I attended a conference recently of a number of House Members where we discussed the pros and cons for giving early consideration to all pension legislation. We took this subject up personally with every member of the Ways and Means Committee urging them to grant a hearing on all pension legislation.

Mr. Chairman, I am sure that the Ways and Means Committee will accede to our request and appoint a subcommittee to hold hearings on old-age security and pension legislation pending in the Congress. This will be a recognition of the necessity of a thorough study and investigation of old-age security and pensions and the enactment of legislation which will deal adequately with our elderly people and which will provide a sufficient income so that these old folks may maintain themselves in decency and health during the few remaining years of their lives.

Mr. Chairman, in seeking a solution of the old-age pension problem there are two objectives: First, providing ade-

quately for the aged; and, secondly, maintaining our national economy unimpaired. In approaching this problem it is essential to consider the number of persons falling within the age limits of 60 years and over. I call attention to the following table giving this data:

Means of support of persons 60 years of age and over, 1941

	Number	Percent-age distribution
Total number of persons in the United States.....	13,900,000	100.0
A. Self-dependent.....	6,264,000	45.1
By reason of:		
1. Current earnings.....	2,700,000	-----
2. Savings, real estate, or securities.....	2,325,000	-----
3. Federal, State, and municipal pensions or insurance payments.....	708,000	-----
4. Industrial and other private pensions.....	142,000	-----
5. Insurance annuities.....	384,000	-----
6. Other resources.....	25,000	-----
B. Dependent.....	7,636,000	54.9
1. Supported wholly or partially by public or private social agencies.....	2,986,000	21.5
2. Dependent on children, other relatives (including spouse in some instances), and friends (wholly or almost wholly).....	4,650,000	33.4

Source: Marjorie Shearon, data submitted at hearings before the Special Committee to Investigate the Old-Age Pension System, U. S. Senate, 77th Cong., 1st sess., 1941, p. 215, revised as of Nov. 30, 1941, to include data from 1940 Census.

According to this compilation, while there are 13,900,000 persons in the United States 60 years of age and over, there are 7,636,000, or 54.9 percent, who are supported wholly or partially by public or private social agencies, or are dependent on children or other relatives and friends wholly for their support. Furthermore, there is a considerable group of approximately a million persons classified as self-dependents who derive their support in whole or in part from pensions of various sorts. It follows from an examination of these and other statistics showing the means of support of persons 60 years of age or over, that the major portion of the group are now being supported by society or relatives or friends.

Dr. Marjorie Shearon, in her studies, concludes that of all persons 60 years of age and over, four-fifths get less than a minimum for decency and health.

Dr. Shearon is an outstanding social-science analyst with extensive experience in the United States Public Health Service. She was formerly on the staff of the Social Security Board and prepared the economic brief for the defense of the Social Security Act in 1937. Her experience qualifies her to speak with authority on this subject. In considering this problem the marital status of the persons involved is desirable. The following table gives this information:

Estimated marital status of persons 60 and over, Jan. 1, 1940

Marital status	Total	Male	Female
Total.....	13, 200, 000	6, 600, 000	6, 600, 000
Unmarried.....	5, 900, 000	2, 100, 000	3, 800, 000
Married.....	7, 300, 000	4, 500, 000	2, 800, 000
Spouse under 60.....	2, 100, 000	1, 900, 000	200, 000
Spouse over 60.....	5, 200, 000	2, 600, 000	2, 600, 000

Source: Estimate by Robert J. Myers, of the Social Security Board, memo dated Feb. 14, 1939.

MONTHLY MINIMUM FOR DECENCY AND HEALTH

What is the amount required for a minimum for decency and health of the persons falling within the provisions of the proposed law? It has been determined by a number of investigators considering this subject that a minimum requirement for a couple over 60 years of age is \$85 per month. This is the amount arrived at by Dr. Shearon in her analysis of the problem, as shown by the following table, and I understand is the minimum requirement given by the National Resources Planning Board in its release *Family Expenditures in the United States*, table 66, of June 1941:

Monthly minimum for decency and health, for a couple over 60

Food.....	\$30
Shelter.....	35
Clothing.....	6
Transportation.....	5
Medical care.....	3
Miscellaneous.....	6
Total per month.....	85

Source: Dr. Marjorie Shearon, social science analyst, National Resources Planning Board, *Family Expenditures in the U. S.* (table 66), June 1941.

It should be noted that these minimum requirements are based on pre-war conditions, which should now be substantially increased to meet war increases.

It is of interest to note in this connection that the recent Gallup poll on old-age pensions shows that the American public in response to the question, "What do you think is the smallest income per month that a couple over 60 years of age needs for a decent living in your community?" answered, \$73. This is arrived at by averaging the answers throughout the United States. The South obviously was considerably lower, namely, \$59. The West Central States gave a similar sum as the South. The West and the New England and East Central States gave the higher sums of \$74 and \$78. The following shows the results of the poll by geographical sections:

West.....	\$78
West Central.....	59
East Central.....	74
East.....	78
South.....	59

This poll shows that 91 percent favor Government old-age pensions and the majority approved lowering the age to qualify to 60 years.

The American Institute of Public Opinion released the following survey, showing that 4 out of every 10 families in the United States lack sufficient purchasing power to provide proper food:

"The fact that nearly one-half of all young men called up by the draft are rejected or deferred from full military service because of physical defects raises the question of just how fit the American people are. Shocked by the high ratio of physical defects among draft registrants, President Roosevelt has said that national health is one of the most pressing domestic problems facing the country today.

Since medical authorities trace a definite relationship between diet and physical fitness, the institute has conducted a survey among American families to determine how many believe their health suffers for lack of money to buy healthful foods. The results reveal three disturbing facts:

1. Throughout the Nation as a whole, approximately 4 out of every 10 families, or a total of about 12,000,000 families—say the health of their families is suffering because of insufficient money for proper food.

2. That situation shows virtually no improvement over a year ago, despite the increase in national income. In a similar survey in December 1940, 40 percent of all families reported lack of money for food necessary for the highest health standards, while today the proportion is 39 percent.

3. The situation in the lower-income levels of the population—families earning less than \$25 to \$30 a week—is particularly acute. Of all families below that level, 57 percent are conscious of diet deficiencies impairing their health.

The following question was put to a carefully selected sample of adults throughout the Nation:

"Would the health of your family be better if you had more money to spend on food?"

	Year	Today	ago
Health would be better.....percent.....	39	40	
Health would be no better.....do.....	61	60	

The results in the income groups under \$25 to \$30 a week are as follows:

	Percent
Health would be better.....	57
Health would be no better.....	43

The Institute survey asked next:

"If you had more money, what foods would you spend it on?"

Following is the list of foods which those families who say their health suffers from lack of money would buy if they had more money:

	National	Families earning below \$25 to \$30 a week
	Percent	Percent
Meat, with beef mentioned first.....	45	46
Vegetables, with small number mentioning potatoes.....	33	34
Dairy products, with 3/4 mentioning milk and the rest eggs.....	33	34
Fruits.....	30	30
Bread cereals.....	5	5
Sugar-content foods.....	2	2
Miscellaneous.....	22	22
Didn't know.....	8	7

Some persons named more than 1 item, hence the total is more than 100 percent.

These startling facts were all based on pre-war conditions.

A study made of the income of the United States during 1935 and 1936 by the Government discloses these startling facts with reference to our national consuming power and the deplorable economic condition of our people; 4,000,000 families, or 14 percent, had an average income of \$312 a year; 8,000,000, or 27.5 percent, had an average income of \$758;

and 7,000,000 families, or 23 percent, has an income of \$1,224. Two-thirds of our families had an average income of only \$326 a year, or \$69 a month, for an entire family. This survey was made by the Bureau of Labor Statistics and the Bureau of Home Economics, with the collaboration of the National Resources Committee, covering incomes in the United States during 1935-36. These disclosures show not only a lack of purchasing power but underconsumption so critical as to threaten the health and welfare of a large portion of our population. The American family is still the keystone of American democracy when the war ends. If the American way is to endure we must preserve at all costs the economic and social security and independence of the American family. If it falls, the whole structure falls. This study further shows that in the lowest income families 14 percent received only 6 percent of the food, and 42 percent of the families received only 26 percent of the food. The low-income group spent approximately a dollar a week per person for food—about 5 cents a meal—whereas the families receiving \$100 a month spent more than twice as much, or \$2.18 per person a week for food.

If families in the age groups participating in industry are unable properly to provide food for their own families they cannot be expected to furnish maintenance for their elders who are denied the opportunity to receive any income. If these workers are in such a plight, what may we expect the condition of the unemployed over 60 years of age to be?

AMERICA'S GOAL HAS BEEN MAXIMUM OF PRODUCTION WITH MINIMUM OF EMPLOYMENT

Mr. Chairman, we in America are proud of our achievements in the development of our productive enterprise and the processes perfected under mass machine production which enable us to produce the essentials necessary for the maintenance of our people on a scale of living never obtained by any other organized society. By the development of technological processes and mass machine production we not only are able to provide for the needs of all of our people, but we can do so and are doing so with the utilization of only a portion of our population who are able and willing to work in productive activities. It is reported that production in 1939 approximately equaled that of 1929, but 1,000,000 less workers were employed in industry. The United Mine Workers of America recently reported that within a 5-year period 25,000 men and women were released from the steel industry alone, due to improved methods and labor-saving devices requiring less employees, and that much larger numbers would thereafter be released by the adoption of improved labor-saving machinery. I am informed that 19 men in the automobile industry are now making the same number of blocks that were made by 250 men 10 years ago.

Recently I inspected the Grand Coulee reclamation and hydroelectric power project in the State of Washington. This is the greatest man-made structure ever

conceived and built. When completed it will be three times the size of the Egyptian pyramids which 360,000 slaves took 20 years to build. The immense concrete dam being constructed across the Columbia River, the second largest river in the United States, is nearing completion. It will provide 1,980,000 kilowatt-hours of electrical energy and water for reclaiming 1,200,000 acres of land. The sand and gravel going into the dam is taken from the hills several miles distant by huge electric shovels. The material is removed by mechanical belt conveyors to the sizing and washing plants, and from there to the storage bins. One man in the control tower by means of mechanical devices transfers the sand, four sizes of gravel cement, and water to the mixing bins which are weighed automatically in correct proportions to form the concrete pursuant to Federal specifications. The concrete mixture is then carried by machines to the dam where huge cranes mechanically dump it into the structure. Through the perfected machines and mechanical devices used in this process, one man is able to do the work which without the machines would require 500 or more laborers. This is a typical example of what is taking place throughout industrial America today.

As a result of our ingenuity and accomplishments in adapting scientific processes and power machinery for mass production, our workers have not only been able to produce a much greater volume and variety of goods than heretofore to provide food, clothing, and shelter, as well as a higher standard of living for our people, but in the process we have eliminated a large segment of our population from participation in the processes. As a result, and due to other contributing factors, from 1929 to the beginning of our nation-defense program, some 10,000,000 or more of our workers were unable to find employment in productive enterprise, and even now with the increased demand for manpower in national-defense production, we still have 4,000,000 or more unemployed workers. These calculations in the main do not take into consideration that larger group of unemployed who are 60 years of age or over, most of whom are denied the right to participate in productive enterprise. It is interesting to note that the United States census for 1890 shows that at that time 75 percent of all our people over 65 years of age were gainfully employed. At the present time, as I have already pointed out, 80 percent of our citizens 60 years of age or over are unable to obtain the minimum for decency and health.

The science of production has submerged the science of distribution. The very achievement of our goal, maximum of production with minimum of employment, has undermined our economy by reason of our failure to provide that distribution shall keep pace with production. Production has filled our stores, our granaries, our warehouses with foods, clothing, and other necessities of life, but in so doing has robbed the customers of the power to purchase. As a result, before the war we have had the spectacle of our Government buying up

huge quantities of the necessities of life or paying the farmers and producers to destroy them, or not to produce them, at the same time millions of our people lacked food and clothing to maintain a bare minimum of decency and health.

I call attention to an observation of the United States Supreme Court in a decision written by the late Mr. Justice Cardozo—*Helvering v. Davis* (301 U. S. 619-641)—which sheds much light upon this distressing problem confronting us:

Spreading from State to State, unemployment is an ill not particular but general, which may be checked, if Congress so determines, by the resources of the Nation. If this can have been doubtful until now, our ruling today in the case of the Stewart Machine Co., *supra*, has set the doubt at rest. But the ill is all one, or at least not greatly different, whether men are thrown out of work because there is no longer work to do or because the disabilities of age make them incapable of doing it. Rescue becomes necessary irrespective of the cause. The hope behind this statute is to save men and women from the rigors of the poorhouse as well as from the haunting fear that such a lot awaits them when journey's end is near.

Congress did not improvise a judgment when it found that the award of old-age benefits would be conducive to the general welfare. The President's Committee of Economic Security made an investigation and report, aided by a research staff of Government officers and employees, and by an Advisory Council and seven other advisory groups. Extensive hearings followed before the House Committee on Ways and Means, and the Senate Committee on Finance. A great mass of evidence was brought together supporting the policy which finds expression in the act. Among the relevant facts are these: The number of persons in the United States 65 years of age or over is increasing proportionately as well as absolutely. What is even more important the number of such persons unable to take care of themselves is growing at a threatening pace. More and more our population is becoming urban and industrial instead of rural and agricultural. The evidence is impressive that among industrial workers the younger men and women are preferred over the older. In times of retrenchment the older are commonly the first to go, and even if retained, their wages are likely to be lowered. The plight of men and women at so low an age as 40 is hard, almost hopeless when they are driven to seek for reemployment. Statistics are in the brief. A few illustrations will be chosen from many there collected. In 1930, out of 224 American factories investigated, 71, or almost one-third, had fixed maximum hiring age limits: in 4 plants the limit was under 40; in 41 it was under 46. In the other 153 plants there were no fixed limits, but in practice few were hired if they were over 50 years of age. With the loss of savings inevitable in periods of idleness, the fate of workers over 65, when thrown out of work, is little less than desperate. A recent study of the Social Security Board informs us that "one-fifth of the aged in the United States were receiving old-age assistance, emergency relief, institutional care, employment under the works program, or some other form of aid from public or private funds; two-fifth to one-half were defendant on friends or relatives, one-eighth had some income from earnings; and possibly one-sixth had some savings or property. Approximately 3 out of 4 persons 65 or over were probably dependent wholly or partially on others for support." We summarize in the margin the results of other studies by State and National commissions. They point the same way.

The problem is plainly national in area and dimensions. Moreover, laws of the separate States cannot deal with it effectively. Con-

gress, at least, had a basis for that belief. States and local governments are often lacking in the resources that are necessary to finance an adequate program of security for the aged. This is brought out with a wealth of illustration in recent studies of the problem. Apart from the failure of resources, State and local governments are at times reluctant to increase so heavily the burden of taxation to be borne by their residents for fear of placing themselves in a position of economic disadvantage as compared with neighbors or competitors. We have seen this in our study of the problem of unemployment compensation (*Steward Machine Co. v. Davis, supra*). A system of old-age pensions has special dangers of its own, if put in force in one State and rejected in another. The existence of such a system is a bait to the needy and dependent elsewhere, encouraging them to migrate and seek a haven of repose. Only a power that is national can serve the interests of all.

Mr. Chairman, to summarize, in the United States today, through the use of the physical sciences and mechanical arts, the major part of the goods and services consumed are provided by scientific processes and power machinery. Our workers are able to produce a much greater volume and variety of goods than heretofore to provide food, clothing, and shelter, as well as a higher standard of life to our people. Our productive capacity per man has multiplied manyfold. In supplanting handicrafts by scientific process and mechanical devices a maladjustment has taken place in manpower or labor, resulting in unemployment and loss in purchasing power. The loss of purchasing power in the workers displaced has thrown the industrial machine out of balance. To restore this balance, purchasing power must be recovered. Fewer workers being required in productive enterprise to supply our wants, it follows a portion of the body of workers must be retired.

If any group must be retired to save our industrial structure and the profit system as well as our economy, it follows those citizens 60 years of age and over, four-fifths of whom are without means to maintain themselves in decency and health, should be retired. Their past services entitle them to such recognition. Our industrial system which is responsible for their plight should be charged with the responsibility to provide the purchasing power to meet their needs.

ELDER CITIZENS AND NATIONAL DEFENSE

Mr. Chairman, it has been suggested that it is inopportune now to adopt and put into effect a program providing for adequate care for our elder citizens when we are engaged in a world-wide war. I concede that no new program should be adopted which will limit or curtail our productive activities in carrying forward our war efforts unless absolutely necessary. We will win a hollow victory if in the winning we deprive four-fifths of our 14,000,000 senior citizens of the means to maintain themselves in decency and health. However, at the outset, I feel that the premise that this program will not fit in with our war efforts is untenable. The contention has been made that with the demand for manpower in war production many of our citizens falling within the 60 years and over age group will be absorbed in industrial em-

ployment. It is true that preliminary studies already made disclose that some of the men between 60 and 65 who are skilled workmen who had been released prior to the national defense program owing to the demands for skilled workmen, have been put to work. This reemployment, however, is so small as compared with the total number of approximately 14,000,000 of the age under consideration, that such relief is of minor importance in finding a solution for the whole problem. Furthermore, it is obvious that the peak of such employment of these older men has now been reached, as the number available of such skilled workmen has already been exhausted. As the younger workers acquire the necessary skill the older men will be relieved.

We should note also that the reemployment of these elder citizens is limited to a few definitely defined areas contiguous to centers of defense production and therefore affords no relief to the great stretches of our territory reaching from coast to coast where no defense activity is in progress.

On the other hand, the relief granted through a sound old-age annuity program will be fairly uniformly distributed throughout all areas of the United States in proportion to population. It follows that the major portion of these citizens 60 years of age or over will continue to remain unemployed and without a minimum income for decency and health and will continue to be an obligation resting upon our national economy, regardless of where the burden may be placed. If a plan is to be adopted whereby this burden resting upon our society is to be provided for by Federal enactment, provided minimums of support to all older citizens regardless of State lines, financed in full by the Federal Government, we are in a better position under our national defense economy to initiate it now than we have been since 1929.

Our national income will be this year one hundred and forty billions due to our war efforts. The Secretary of the Treasury, Mr. Morgenthau, has, on several occasions, informed Congress through its committees that it is desirable to capture through taxation or otherwise a larger portion of this increased national income in order to prevent inflation. If that is true, it seems reasonable to assume that a Federal tax such as proposed in the Townsend program, or some comparable tax formula, will meet the problem suggested by the Secretary of the Treasury and at the same time inaugurate a long overdue program providing decent care for those of our citizens who have been discarded by industry. This indeed is a most opportune time to initiate this program. Furthermore, at a time when we are bending every effort to free the entire world of want and suffering and are pouring out billions of American dollars to the 4 corners of the earth for that purpose, we must not completely ignore the 14,000,000 of our own elder citizens who under our economy are denied the right to work when able to do so and are in dire need, while we are passing out these billions to the unfortunate peoples beyond the Americas. Let us not overlook the folks at home, ill-clothed, ill-housed, and ill-fed. I have voted for

these expenditures but I still believe that charity begins at home. However, the obligation that we owe to these elder citizens is not charity. It is a social dividend which they have earned through the years, by their sacrifices and work in building this America as we have it now to enjoy, and in preserving our American way of life.

These facts demonstrate that Federal legislation as proposed, providing a minimum for decency and health for our citizens over 60 years of age, does fit into our war program. The great majority of our senior citizens will neither profit directly nor indirectly from this program. Only a negligible number have been reemployed. On the contrary, they will lose through the present increased cost of living. The benefits of defense spending seem to be largely localized in less than half of all the States. See chart 11. In contrast the proportion of about one-tenth of the population who would receive a pension is very constant throughout the Nation. The production demanded by our senior citizens will be mostly food, shelter, clothing, medical care.

If we are to preserve the American way of life and protect our own democracy from disintegration and collapse, we must find a solution for our unemployment problems as well as providing a decent living for those of our citizens who under our economy are unable to be provided with remunerative employment in our system of production. The severest indictment that has been lodged against us is that while we are the richest and most favored Nation on earth and while we have developed the greatest and most effective productive enterprise the world has ever known for providing the necessities of life—more than sufficient for all—we have failed miserably to provide a method by which the fruits of our industry may be shared equitably by all groups of our people.

While it is true that the social-security program was an approach to this problem, it has completely failed to bring about a solution. Instead of preventing inflation, it has only added thereto. It has sucked out of industry huge blocks of purchasing power and frozen it in idleness, and has used the funds contributed for relief in meeting the ordinary obligations of the Government. It is now clearly demonstrated that these taxes, while ostensibly being a tax upon the wages of these annuitants and their employers, are in practice passed on to the general public as an additional charge entering into the cost of the goods produced. It follows that this tax burden in the main rests upon the general public, but the general public does not have an opportunity to share in the annuities paid therefrom. It is restricted to the few favored individuals coming within the protection of the Social Security Act. Furthermore, the larger the income of the annuitant through the years the larger his monthly payment, notwithstanding the fact that with the larger income annuitants are in less need than those receiving smaller incomes. It reverses the needs test. Under it the less the need the greater the annuity.

Mr. Chairman, in concluding my remarks, I present for consideration the following brief summary of a report of the voluntary nonpartisan committee of the House on social security, old-age pensions, and unemployment.

National recovery in the United States is entirely dependent upon an adequate and sustained purchasing power in the hands of the American people. If business and industry are to be assured of opportunity for the steady production of goods, with reasonable profits, and if labor is to be assured stable and sufficient employment, with living wages, purchasing power must keep pace with production. Economic stability depends today almost entirely upon the expansion of demand. With adequate purchasing power available, demand for commodities and services will come naturally, and this demand will force increased production and in turn stabilize employment and make more work available.

Annually about 15 to 20 percent of currently received income is neither spent nor invested, but is saved. This means that this amount is taken out of circulation, reducing the volume of active purchasing power and causing more unemployment. The main question is, How, under the circumstances, are we going to consume all we can produce? Part of our people can produce enough for all of the people. It is necessary that some group be enabled to consume without taking part in production. There are a considerable number of persons in the country who, through no fault of their own, cannot take part in production. In this age it is almost impossible for a man to get a job after he reaches the age of 60. This group over 60 years of age, who have toiled the longest, should not be deprived of taking part in the consumption of goods. They are the victims of an industrial system for which they are not responsible.

We owe a duty to our old folks and we can perform this duty by establishing a national annuity system on a pay-as-you-go basis, drawing upon some of the idle savings as means of financing it. This plan would take care of all groups that are American citizens over the age of 60. They would be paid by the Federal Government an amount determined by prorating the tax revenue derived from the special taxes levied for this purpose. The revenue will be derived from a broad general tax plus taxes which will operate to reduce the volume of idle savings and make more funds available for active consumer buying power.

Probably the central reason for unemployment today is failure of consumer buying power to keep pace with the production of goods and services. If we are to have a full employment, it is necessary for production of goods to be continuously balanced by an equivalent flow of consumer demand.

Certain facts in recent experience have important bearing on this question. These facts are as follows:

First. Production tends to increase faster than employment.

Second. Under modern scientific methods of production, part of the

people are able to produce enough for all the people.

Third. If, however, all the people do not consume their reasonable share of national production, inventories increase, production must be reduced, and even those currently employed will be in danger of losing their jobs.

Fourth. In the closing months of 1939, the Federal Reserve index of industrial production stood at the highest figure on record and in the whole year 1939 the production of goods and services equaled that of 1929. This, however, was accomplished with the employment of 1,000,000 less people than were employed in 1929. It was inevitable under these circumstances for inventories to increase and for production itself to be curtailed so that today the index of production is once again falling.

Fifth. Various methods have been employed to try to keep consumer demand in line with production. Between 1922 and 1929 the consumers of the country had contracted a debt of between \$9,000,000,000 and \$11,000,000,000 for purchases which they had made on the installment plan. That is, they had attempted to purchase goods in an amount of \$9,000,000,000 in excess of their incomes. This could not go on and it was one of the causes of the crash of 1929. It would have come much sooner had it not been for people buying goods beyond their incomes. They tried to stretch consumer demand to equal production. It could not be done.

Sixth. We find that persons 60 years of age and older, once they have become unemployed, find it almost impossible to get back to work again. There are various factors which cause this, among them those connected with industrial insurance and retirement systems. It is a fact, however, which must be taken practically into account.

Seventh. In various ways an attempt has been made to bring about better adjustment between production and consumer demand by enabling certain groups to consume even though they do not take part in production. Relief, retirement systems for Government employees, and certain categories of social security are examples of this.

If it is necessary for some group in society to be enabled to consume its share of national production without contributing to that production, then obviously this group should be those people who have worked the longest and contributed most in the past to our national wealth and to the building up of our very efficient productive machine. This evidently indicates an old-age annuity system.

It is agreed by most economists that the central cause of unemployment today is that too large a proportion of our national income is saved and set aside in idle pools of money which are neither spent nor promptly invested by their owners. This would indicate the importance not only of stimulating investment but accomplishing a transfer of a portion of the funds now held out of use in surplus savings into the stream of active consumer buying power. The best way to do this is by a system of taxation on the

one hand, and the payment of old-age annuities on the other. In our opinion, such a measure would contribute as much to a restoration of confidence as anything that could be done. For all these reasons we believe there should be a national system of pensions established in this country for those people who have passed the age where they can reasonably be expected to secure employment in industry. The particular features of such an old-age annuity system, we believe, should be as follows:

First. It should be pay-as-you-go system. That is to say, all money collected in taxes for the purpose of providing such pensions should be promptly disbursed to those eligible to receive it.

In the fiscal year 1940 both the unemployment insurance system and the old-age annuity system took money out of circulation at a net rate of \$50,000,000 a month. That is, over the whole year those two programs collected in tax \$1,200,000,000 more than they paid out in benefits.

Furthermore, those population groups, such as farmers, farm laborers, domestic servants, and others who do not participate in any way in the benefits from either the unemployment insurance or old-age annuity systems, must constantly pay a portion of the pay-roll taxes—indirectly through higher prices—to make possible the payments to the special groups which are covered. Therefore, our next point is:

Second. Pensions should be paid to all American citizens over 60 years of age who are retired from industry. (If desired to deny the pension to persons who clearly do not need it, it could be required that persons who are liable to the payment of a Federal income tax must return, at the time the tax is paid, any money received as pension payments during the previous year. This would leave the pension system as simple as possible, requiring no investigator staff or individual records.)

Third. There should be no difference in the amount of payments made by the Federal Government to people in different States. The States may, of course, supplement Federal payments as they see fit, but the basic pension system should be a straight Federal system supported by Federal taxes and with payments made directly by the Federal Government.

Fourth. The revenue for such a system should be derived first from broad general taxes whereby practically everyone in the population will pay at least a small amount to support this national system of old-age security. Another portion of the revenue should come from such taxes as will operate to reduce the volume of hoarded funds and to accomplish the necessary shift out of those holdings into active consuming buying power. The gross income tax is an example of the first kind of tax, whereas, income taxes, inheritance, estate, and gift taxes are examples of the second kind.

Fifth. The size of the pension should be determined by prorating the tax revenue derived from the special taxes levied for this purpose among all those eligible to

receive the pension. But the policy should be to fix the tax rates at such a point as to yield to each pension recipient his proportionate share of the national income.

Such a system as we have outlined would avoid the complicated system of bookkeeping now required both on the part of the individual employers and on the part of the Social Security Board itself. It would make possible elimination of the pay-roll taxes and of the attempt to maintain individual records on upward of 40,000,000 workers. It would make possible the inclusion of all occupational groups of citizens, and it would bring to an end the serious deflationary influence of the current attempt to accumulate reserve funds.

Mr. Chairman, let us consider this important pension program at an early date and save our old folks from starvation.

Mr. WOLCOTT. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman, most of the discussion thus far has been devoted to the wisdom or unwisdom, the necessity or lack of necessity for subsidies. I presume no single argument on this subject, for and against, will be unstated after the debate is over. But in my considered judgment there is a far more fundamental issue before this Congress today, and I presume upon a few observations upon that fundamental issue. That is the executive versus the legislative. It is just a part of the pattern that we have seen coming for some time.

It is going to plague us from here on out, and I am frankly disturbed.

It is a question of whether the President is above the law or whether he is amenable to the law. If there is no authority for the action that has been taken thus far by the officials of the Office of Price Administration, directed by the President of the United States in rolling back prices by means of subsidies, then we are in the very unhappy and in the very anomalous position of trying to place a restriction upon the Chief Executive and his administrators when there is no authority now under existing law for what they have done. That is the unhappy and paradoxical situation; that really is the point I am drawing attention to, and if it were left to me entirely I would not validate the action that has been taken thus far. If there is no authority for subsidies in the first instance, I would not validate them now if it could be done by my vote. What is happening is that we are simply storing up for the one evil day that lies ahead, a determination of the responsibilities resting on the executive branch and the legislative branch of the Government, a question that is going forward year after year.

The very fact that in the last 10 years there have been 3,600 Executive orders as against the 4,500 public laws passed by the Congress is some indication of the power that has been arrogated to the executive branch of the Government at the expense of the legislative branch.

It is a part of a design that has recurred in the history of the Republic.

When Alexander Hamilton had in mind some idea that he wanted to get over, he wrote with that facile pen of his that there must be a strong Executive. When Woodrow Wilson was still in the scholastic cloisters, 50 or more years ago, he was writing about the necessity of a strong Executive; and then pursued that ideology, when he was in the White House.

Theodore Roosevelt tried it on the country when the Panama Canal was still under construction, and again there was conflict between Congress and the President.

And today we have this same identic design that recurs in pattern of this representative democracy, and there is a fateful day ahead before we finally determine whether or not the ancient and durable separation of power in government is going to be maintained, whether the integrity of the lawmaking branch will be preserved, and whether the President will carefully follow the law.

I was interested in the observation of my good friend, the gentleman from North Carolina [Mr. MORRISON], because he started out on that thought. I am interested in preserving the coordinated government with its separate branches, each one with its organic powers, and if that is not done, then a good many of our sacrifices will have doubtless been in vain. What shall it profit us to gain freedom for the world and lose constitutional government at home?

This is tragic business, and what I have in mind is that here the fundamental issue is again presented today of the Executive versus the legislative branch, with the Chief Executive assuming an authority that does not exist, and then compromising the position of the Congress. That is the thing that is happening today in this very question of subsidy. It is growing, day after day, week after week, and month after month, and we must deal with it sooner or later.

I am interested in another thing. I am wondering as we pursue this subsidy route now whether we are seeing far enough down the avenue of time to see the difficult position we are going to be in later. It is so easy to put on a subsidy, but do not forget that some day we will be confronted with the problem of taking it off, and then what? We will meet consumer resistance to taking it off; we will meet farmer resistance if we tinker with prices; we will meet labor resistance if we undertake to alter wages and it is going to be a difficult thing to remedy and to undo the work that may be done this fell day by the Congress of the United States if we embark upon a subsidy plan.

Mr. MORRISON of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. Let me continue for just a moment, and then I will yield.

I am interested for this reason: It will be a part of the whole collective pattern; it will be a part of the socializing pattern, and when we get going pretty well on that road, what will be our condition, what will be our capacity for dealing

with the big problems of the Nation and the world when the war is over?

We made great promises to the world, but do we have the capacity to carry out those promises? It is a matter of great importance. It is so easy to talk about the "four freedoms," and to talk about elevating the conditions of 400,000,000 or 500,000,000 peoples throughout the world, but do the 130,000,000 people have the capacity? They might. They might if the very integrity of the Republic is maintained, and it can be done only by a great and a militant people that still live under the banner of free enterprise, for only out of that kind of government would you get the faith, would you get the vigor, would you get the power, would you get the leadership to do the job that we have assumed for the world. A collective ideology cannot do it; a collective philosophy cannot do it, and I am wondering whether we do not, by the route now proposed, destroy our own capacity to meet post-war problems when finally that responsibility devolves upon this Republic.

I now yield to the distinguished gentleman from North Carolina.

Mr. MORRISON of North Carolina. Would not this so-called subsidy we are now immediately dealing with naturally fall when price control falls?

Mr. DIRKSEN. My good friend, it will fall only when the authors and finishers of the subsidy philosophy fall. Mr. Henderson said to the Banking and Currency Committee that in his judgment there would be price control after the war is over. Mr. Tugwell said that the philosophies existing before 1932 were just as archaic as the ox cart and the windmill.

Dr. Hansen who advises the Federal Reserve Board and the Bureau of the Budget says that Congress will surrender its powers over taxation and appropriation and only indicate in broad lines the direction that the Chief Executive shall pursue and leave to him the rest of the chore. Adolf Berle has expressed a like kind of philosophy, and they, my good friend and brother in the faith, are giving point to the administrative philosophy of government today. So I say to you that it will fall only if they let it fall; but, thank God, there will be another day for the people to speak and there may be a possibility of taking them out of office and saving the country before it is too late.

Mr. MORRISON of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. MORRISON of North Carolina. Let me say to the gentleman from Illinois that the gentry to whom he refers we will attend to in our party before the gentleman even gets a chance to do it, and what we leave of them we are sure he will take care of.

Mr. DIRKSEN. I hope that will be the case, but there has been this rising tide of the new ideology that has been moving faster and faster in all the days that I have been privileged by my constituency to be a part of this honorable body, and sometimes I have despaired we will ever undo the damage which has been done.

Mr. RANDOLPH. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. RANDOLPH. I appreciate the gentleman's yielding. Akin to what the gentleman has stated, which disturbs me and it must disturb the gentleman, is the reasoning of Mr. Ickes and others in taking over the coal mines, the industry of the country, under the impact of the war. Is not that a further step towards socialization and corporate government?

Mr. DIRKSEN. That is true. I thank my friend. You see, there is something more to it than meets the eye. We are dealing here ostensibly with subsidies, but fundamentally we are dealing with this greater problem of the executive encroachment upon the legislative branch of Government, and the very hope of this country reposes in this branch of Congress today.

Consider how many times Congress has in one way and another spoken upon the question of incentive and subsidy payments and yet at this very moment, notwithstanding the action of the Congress, such subsidies are in effect. Where is the authority for such action, and if no authority exists, by what virtue was such a program initiated? Can it be that in his capacity as Commander in Chief of the Army and Navy, the President deems himself Commander in Chief of the civilian population and the civilian economy as well?

If the President can assume such powers, without authority of law, what shall we say of the future? He may find himself at variance with the people and with the Congress on matters of international concern, and will he then undertake to ignore the clear intent of the people's representatives and pursue his own course?

If we continue to move forward into that field of governmental philosophy where governmental power is ultimate and supreme and transcends the rights of the citizen as a free individual, speaking through his legislative representatives, what shall we say of our usefulness in the days ahead in dealing with world problems? A nation wedded to the collective idea in which the individual is but an atom, and where incentive and initiative are impaired, would find it difficult indeed to assume leadership for the world. Freedom, free enterprise, initiative, integrity, constitutional government must be maintained if we are to exercise maximum usefulness in the days to come and it cannot be done if by subtle means or by bold action on the part of the Executive powers are assumed which are not authorized by the lawmaking branch.

Such is the matter before us today, and that is why we are confronted with a problem far more fundamental than the mere problem of subsidies.

Mr. STEAGALL. Mr. Chairman, I yield 7 minutes to the gentleman from Maryland [Mr. BALDWIN].

Mr. BALDWIN of Maryland. Mr. Chairman, as a member of the committee listening to the hearings on this bill, I just want to take a minute or 2 to express my views about subsidies, and why I feel some restrictive amendments should

be placed in this act to curb the use of subsidies by the Commodity Credit Corporation.

If you will turn to the hearings at page 23 you will find the statement of Mr. Chester Davis. He said something in his opening statement which, to my mind, defeats every argument he advanced in support of his request for subsidies. I read the following from his statement:

Let me throw a few figures at you. Most of you are familiar with them. The best estimates I am able to obtain indicate that the total of consumer income in the United States in 1943, that is the sum of payments to individuals, will aggregate about \$140,000,000,000. The forecast for individual taxes is about \$16,000,000,000 leaving disposable income in the hands of the consumers of about \$124,000,000,000. At the existing price level, with the supply of goods that we have on hand, about \$82,000,000,000 is about all we can expend for consumer goods without having a substantial rise in prices. And that leaves, and on any estimate of this sort you have got to be willing to take a billion dollars or so here or there because after all, they are estimates; that leaves about \$42,000,000,000 which you might say is available for savings. And under savings I would include insurance payments, normal payments, and reduction of debts and what people are now investing in Government bonds.

Saying that that type of savings is \$25,000,000,000, that leaves \$17,000,000,000 knocking loose in the economy, much of it in the possession of people who want to spend it. Many of them never had so much money to spend before in their lives. That creates an inflationary condition. That makes direct price controls very difficult to handle. It seems to me the answer to that is the answer that should have been taken a long while ago, that is by stiffer taxation and withholding at the source and a much broader program of investment on the part of the people who have this money in Government securities than we have ever had in this country. That would lay a kind of foundation against which we could brace ourselves with price controls and operating programs.

Mr. Davis in asking the committee to give him another \$1,000,000,000, to be used in subsidy payments, admitted in his opening statement that the same public that in his mind had \$17,000,000,000 which should be taken away from it, should be given this extra \$1,000,000,000 or \$2,000,000,000. In support of his argument, he said we should borrow, or tax the people further, to give them another \$2,000,000,000 too much money to spend. This, to my mind, is no argument why we should allot funds to the Commodity Credit Corporation for subsidy payments.

Brought out in the committee, and discussed very thoroughly, was the question of how much money this subsidy would save each person. They said on the facts before the committee it could not save the average person in America over \$10 a year, or approximately that. Do you mean to tell me that anybody in authority will try to convince the American people that a \$10 subsidy to each individual in the United States will stop the cost of living from going beyond the limit where it would be called inflationary? To my mind we are not only fooling ourselves, but we are trying to fool the American people into believing we are giving them something that we are not. It is very easy for us here in

Congress to go home and tell our constituents that we are giving them something; that today we have voted in Congress to give them something; that is easy to do. I have in my district two of the largest industrial plants in the United States, the Glenn L. Martin Co. and the Bethlehem Steel Co. Over half my district is in Baltimore City. I can easily go to my people and tell them that I voted this afternoon to give them a subsidy, but I think this is no time, of all times, for men in public life to try and curry favor with their constituents by offering them some incentive.

The Treasury of our country and the financial stability of our country is of more importance to me than to go back home and tell my constituents that I am trying to tax the people of the United States to give them a hand-out; and that is what this subsidy will mean, because it is a subsidy to the consumer and not the producer. Mr. Chairman, we, especially we in public life from the Executive down, in this war Congress, as never before, should stand up and tell the American people the facts and not try to perpetuate ourselves in public office upon some unsound program that will catch the unthinking person and possibly get votes by doing so. If there ever was a time in America when men should stand on principle and try to lead their constituents and be honest and truthful with them about the actual conditions and facts of our Government, it is today, because we not only are struggling for the survival of our democracy, but what we do here in the next year or two is going to go a long way in molding the policy of our Government for the next generation.

The CHAIRMAN. The time of the gentleman has expired.

Mr. WOLCOTT. Mr. Chairman, I yield such time as he may desire to the gentleman from Nebraska [Mr. MILLER].

Mr. MILLER of Nebraska. Mr. Chairman, we are facing a most unusual situation in the country today.

We are witnessing a shortage of meat all over the country and in a time which we have the largest surplus of beef and hogs than at any other time in the history of our country. In facing such a situation one naturally asks why a shortage of beef and pork in the face of such a surplus? The answer is not too simple but in making a careful analysis one cannot help but come to conclusion that the price-fixing regulations under the administration which has caused confusion, doubt, and apprehension as to the future has caused the producers and the packers of meat to become panicky. They lack confidence in the administration. There is too much confusion.

It is most unusual, Mr. Chairman, that the individuals in the administration who have charge of the regulations relative to food and this includes price fixing, rationing, and distribution are not in accord with each other. There is no definite policy, no coordination of effort, and misunderstand and bickering which has led to further confusion.

It is most unfortunate that many of the men dealing with policy forming po-

sitions have had so little actual experience in the fields which they are trying to regulate.

The O. P. A. set up some advisory committees to consult with the leaders of industry but I want to point out to this House and the country that although these advisory committees who understand the problems of food production have been consulted their advice has not been followed. Take the cattle industry including the producers and the packers. They have protested long, hard, and in earnest that the roll-back of prices and the subsidy program being considered was not workable. They have protested vigorously against the directives and the program. Have they had any results? Apparently not. It is hard to understand why some of the economic theorists and the impractical planners have not taken the advice and the considered judgment of the men on the firing line who are dealing intimately, closely, and with great understanding with the problems in the production of meat. Is there anyone in this House, particularly on the majority side who can answer that question? I would like to pose this question to the majority leader. Why has it been that the O. P. A. has not listened to the considered judgment of the livestock producers and the packers as it relates to meat? This is also true of the butter producers and the men dealing in the sale of coffee.

On June 1, 1943, I placed in the RECORD the following:

Mr. Speaker, the people of the Fourth District of Nebraska are wrought up over this latest scheme of price control proposed by theoretically minded economists in the Office of Price Administration known as the roll-back of prices by means of subsidy payments. Here are some of the expressions found in the mail that is coming into my office:

"We believe that production will be further curtailed and black markets increased. Government bureaus must listen to common sense if they are to ward off starvation."

"Proposed subsidy programs will mean only further Government control, will increase black markets tremendously, will add materially to already much-confused conditions, will tend to reduce production, and cost of operation will be exorbitant and extravagant."

Stockmen wire:

Subsidies are wrong in principle and roll-back will be incentive to bootleg meat and decreased production. Let's win the war and quit messing things up.

These messages show that practical people understand just what the subsidy scheme implies and how it will fail in practice. In the first place, if it does reduce the price of meat and butter at the retail store, the housewife who buys it will pay in taxes not only the subsidy but the cost of the huge organization that will be set up to administer the program. In this day, when everybody is going to pay taxes to the limit, there can be no shifting to someone else. Today there is a black market in food because the consumer has the money and is willing to pay a higher price in order to get the food. By reducing the official price of food with a subsidy the O. P. A. is not going to be able to destroy the black market nor is it going to be able

to reduce the actual price that people will pay for food, if they get any at all.

These theoretical schemes, hatched in the brains of impractical economists, which disregard our whole established plan of production and distribution, serve only to disturb and upset those who are having a hard enough job of producing our food. These schemes only serve to discourage the producers and inevitably reduce the amount of food produced. What I say about this is borne out in the following statement I received from 145 members of the Dawson County, Nebr., Feeders' Association this morning:

Government meddling has already taken half the cattle out of our feed lots, and we know that the proposed subsidy program will further discourage cattle and hog feeders in this territory.

Mr. Chairman, I ask you, What good will it do to reduce prices if the scheme employed reduces the production of food itself?

These people are appealing to their Representative in Congress for aid against these schemes. The bureaus that hatch them will not listen to them. We are the elected representatives of the people. They look to us for help against the "planners" who have taken this land of plenty almost to the point of where it is a land of scarcity. It is high time, Mr. Chairman, that this Congress serve notice in a way that will be understood that it is opposed to these schemes of totalitarian economy.

I wrote a letter to Mr. James F. Byrnes, Director of War Mobilization, and Prentiss Brown, Director of the O. P. A., in which I stated in part:

It is the considered judgment of the livestock producers and packers that a roll-back program, as it will affect livestock and meat, is very unwise. Such a move will add to the already existing confusion, which means red tape and rationing the livestock and meat industry, which have heretofore had an unequal record of patriotic cooperation in our national war effort. It will in the end not only create chaos but encourage black markets and decrease the production of meat.

This was on June 1. The prediction made at that time, I am sorry to say, has come true, black markets are flourishing, confusion is rampant. I further stated:

The entire food subsidy idea will cost the taxpayers of this country billions of dollars. The citizen has more money to spend than ever before and giving of subsidies to him will add more millions of dollars to an already swollen and unmanaged purse.

I further stated:

That the giving of subsidies is an unwise economic experiment designed to fool the people. It is un-American and unnecessary. Such a move will be an additional form of inflation. It is entirely devoid of any merits. It will be impossible to distribute subsidies with any degree of equity among all the producers and handlers of food.

I further stated:

That subsidies will act as a creeping, grasping narcotic which in the end will lull industry to sleep and eventually paralyze and stifle free enterprise.

I said in the same letter:

I presume the next move of your group, if Congress refuses subsidies and I am sure they

will, will be to pass the roll-back to the farmer.

That is what is happening, gentlemen; the roll-back on the price of meat has already been given to the farmers, and now the administration proposes an additional subsidy to the packer.

I asked Mr. Byrnes and Mr. Brown for an answer which the public and my people would understand, but to date I have received no answer.

I am rather proud of the fact, Mr. Chairman, that I was one of the first men in this Congress to protest the giving of subsidies. For on May 10, page 4217, of the CONGRESSIONAL RECORD, I called the attention of this House and protested the statement of Price Administrator Prentiss Brown, in his radio talk, when he made his first announcement that "the paying of subsidies would save the housewife some money because the Government would pay the difference."

Mr. Chairman, subsidies for foods are a political juggernaut. When once started it never turns back. The paying of subsidies for all food prices would add billions of dollars in taxes to our national debt. The administrative costs would be tremendous. It would add thousands to the Government pay rolls. The administration is not fooling the people. They know eventually they must pay the bill.

It is the desire of every man in this Congress to do those things and take those actions that will help win this war. The production of food is most important. Men cannot fight on empty stomachs nor can the people at home wax fat on directives from the administration. There is no question now since the program of subsidies was announced by Mr. Brown on May 9 that it has resulted in a scarcity of food, particularly meat. Many packing houses have closed their doors. The only ones operating, and they on a restricted basis, are the large packing houses who are supplying meat to the armed forces. Many small packers have closed their doors.

It seems that this Congress should recognize that when an act of the administration is hindering the prosecution of this war that the act should be immediately corrected.

Leaders of agriculture have appealed to the administration for more than a year, pointing out the necessity of food, the need of machinery, a more liberal policy in keeping experienced farm hands at home, and then a price for their produce which would give them a fair profit. The administration has been blind and refused to listen to the leaders who saw the tornado and crisis in food approaching.

The President has said that anyone that had a better "ole" should come forth with the plan. Mr. Chairman, I am bold and yet humble in suggesting a plan which will produce and give additional food, not only to the armed forces and the world, but the folks at home. My conclusion comes from being a farm owner for a quarter of a century and living in a farming community and studying their problems.

Let me suggest that prices as they relate to meat should be flexible. Let us

establish a floor under beef and a ceiling over that beef. There should be a wide-enough difference in this floor and ceiling, from 4 to 6 cents at least in order that the individual producing meat might have a price incentive for producing better beef. The individual who produces poor meat will get a lower price. The law of supply and demand will be in operation. The individuals incentive will be given freedom of action. The packer or the buyer of livestock will be able to use his judgment as to what an animal is worth. It is folly to attempt to put the American food producer into a physical, mental, ritualistic price fixing, regimented, goose-stepping program. It cannot be done.

Then, Mr. Chairman, a most careful study should be made as to the distribution of food. There are now entirely too many profits between the producer and the consumer. It may be likely that flexible prices should be established for the consumers. In other words the consumer who wants a good corn-fed steak will pay a higher price. The cheap meat of course will bring a lower price. Such a method will help produce meat. What I am saying about meat applies to other foods. We must not strangle freedom of action and enterprise. We must not destroy the incentive of the individual on the home front. With such a program in operation and with an understanding that there will not be a constant tinkering and meddling with our economic machinery we may be assured that food will be produced and will reach the consumer.

I would urge that the study of distribution and the profits to the middleman be given immediate consideration.

I feel further, Mr. Chairman, that there should be no attempt to ration the luxuries of life. If John Jones has a thousand dollars to spend on a fur coat, let him spend it, but if Joe Doke needs a pair of overalls and work shirt he should be able to buy it at a controlled price.

It is absolutely necessary that this Congress do everything possible to control inflation. The methods, however, adopted by the administration in the subsidy program aids inflation. The roll-back prices gives additional money to the individual to spend. Ruinous inflation would be a tragedy to American industry and the people in our country. Inflation has been knocking at our door and gradually gaining an entrance over a period of several months. It will come in like a tornado, leaving a devastating wreckage behind unless Congress and the administration recognizes some of the fundamental problems involved and takes the necessary steps to control inflation.

Many harsh words have been said and can be said concerning the administration and the methods they have followed, but what does it gain? Congress should have something constructive to offer. It is so easy to criticize. It is hard to offer constructive criticism. We sometimes wait until we are over the ground, for hindsight seems better than foresight. The plan that I have suggested, however, of a ceiling and a floor with flexible

prices not only for meat but for other products should have serious consideration. The study of middleman profits and distribution needs the glaring light of investigation. The control of labor prices is essential.

Seldom has a plan offered by the administration been shown so quickly that it would not work. I urge the Congress, both sides of this House, through the proper committees to establish those controls and procedures which will help save the food industry of America, save us from ruinous inflation, which in turn will help win this war and bring our boys back home, where they may live under a lasting and honorable peace.

(Mr. MILLER of Nebraska asked and was given permission to revise and extend his remarks in the RECORD.)

Mr. WOLCOTT. Mr. Chairman, I yield the balance of the time to the gentleman from Kansas [Mr. REES].

Mr. REES of Kansas. Mr. Chairman, the payment of subsidies to support a roll-back on retail prices of meat and other foods will not, in my judgment, contribute to the winning of the war or contribute to the best interests of the people of this country. It appears there has been a considerable amount of confusion as to the reason for the payment of subsidies in an attempt to reduce the price of certain rationed foods, especially meat. I do not believe there is serious objection on the part of Congress or the people to paying subsidies for the purpose of increasing the supply of certain strategic materials required for the war effort. That field is limited and includes a comparatively few items. For a considerable period of time subsidies were paid the farmers in order to help sustain their incomes and also to induce them to cut down their production. Now we have a different situation. We are embarking on a program, that of paying subsidies not to increase production but simply to hold down or reduce retail prices on certain rationed foods. Let it be understood that these payments are not to go to farmers to increase production but to packers and processors to make up the difference in the roll-back of retail food prices. Just for a moment, let us see how much it will really help the consumer. A roll-back of 10 percent in the price of meat will reduce the cost of meat to the average consumer not more than \$3 per year, or 25 cents per month but it does not guarantee that the consumer will get meat. It simply means that if meat is available under a rationing program, he will save 25 cents per month on meat. Mr. Chairman, the funds to provide for these subsidies must come from the Federal Treasury. Since there is no money on hand for this purpose, they must come from increased taxes or increased sale of bonds. In other words, you are going to ask the boys who are now fighting our battles and helping to save this country from our enemies to assist us in paying our food bills when they get back. Either they or our children or our grandchildren will be expected to pay the terrific debt that is being placed on future generations. It is, of course, necessary to increase the

debt required for the prosecution of the war but I just do not believe it is right to use Treasury funds to pay food bills of the present generation unless it can be shown that the farmer or the producer is making huge profits on account of this war. If there are some excess profits, this is not the way to attack the problem.

Mr. Chairman, I believe the farmer and the producer should be given a fair chance to produce all the meat and other foods he can. He should receive a fair and reasonable profit for his labor. The amount he receives should be based on the price he is required to pay for the things he buys and he ought to be encouraged to produce every bit of food he can. Let the processor have whatever is reasonable to put the food in the hands of the retailer, and permit the retailer to be given a fair and reasonable profit. If prices must be fixed let it be on the retail price of food, and place it on the basis I have just described. Mr. Chairman, we must do everything we possibly can to encourage an increased production of food and give less attention to rules and regulations. Shortage of food is the thing that causes more difficulty than the price itself. In other words, not much good will be done in an attempt to solve the problem of food prices if we find ourselves with a dire shortage of food.

Mr. Chairman, I do not share the views of certain Members of this House who hold the payment of subsidies for roll-back of rationed foods will help prevent inflation. In my judgment it will work in the opposite direction. Such policy will tend to create inflationary conditions. I am not in favor of skyrocketing prices or inflationary conditions but I do not believe this is the proper method of tackling the problem.

Mr. Chairman, to embark on such policy is very important. If funds from the Federal Treasury are to be used to hold or adjust prices on these commodities, then why not apply the same policy on other consumer goods? Why not roll back prices on farm machinery and equipment that has increased so much during the past few years? If we once get good and started down the road in paying subsidies to hold the line on prices, I am concerned as to where and when it will end.

Mr. Chairman, let me emphasize again that I am concerned about the shortage of food supply that this country may face in the rather near future. Not that the American people will be in want. But with the demand for the armed forces and for our own consumption as well as that of our allies in this war, every possible effort must be made, and every encouragement be given for increased production of food of all kinds. Food is a most essential material in the prosecution of this war as well as for the winning of the peace.

Mr. Chairman, we cannot expect increased production by curbs and regulations, red tape and uncertainties, and gadgets of all kinds that tend to hamstring the farmers of this Nation. The farmer will not receive the subsidy payments under this program. He is not

asking for them. All he wants is a fair price for his products on the basis of the price it is required to pay for the things he needs to buy.

Mr. BENDER. Will the gentleman yield?

Mr. REES of Kansas. I yield to the gentleman from Ohio.

Mr. BENDER. Is the gentleman familiar with the fact that the President has just vetoed the Smith-Connally bill?

Mr. REES of Kansas. No, but I am not surprised.

(Mr. REES of Kansas asked and was given permission to revise and extend his own remarks in the RECORD.)

Mr. STEAGALL. Mr. Chairman, I yield 2 minutes to the gentleman from North Carolina [Mr. FOLGER].

Mr. FOLGER. Mr. Chairman, I am not an economist, I do not even think I am an economist, so you need not expect a very enlightening statement on my part. I feel, however, that in the general disposition toward legislation that we were too fearful that there could be nobody found outside the Halls of our Congress who were competent or capable of doing anything much at all right. That has not appealed to me as a very safe course for us to take.

As one of a few who signed not a minority report, but who submitted a minority view, I subscribe to the position that we have confidence in Chester Davis. I do not know what his politics are and I do not care anything about them, but I think he must be a man competent and certainly inclined to perform a good work for this Government and for the people. We cannot stick too closely to our pet feelings about the Government and go back and talk about this provision and the other as though we were not in an emergency or in a war. Maybe if we did not have an unusual situation and maybe if we did not expect it to continue for a time, we might debate with much profit perhaps about each one of these economic questions and then say that we spell this out and you do it this way, but do not do it any other way. The objection to the sweeping language used, and I understand that a substitute will be offered that is more restrictive in its language, with respect to section 6 of this bill is that it is all-inclusive.

We do not want to hand out subsidies to anybody, but right now as we debate this bill there are independent producers, there are independent distributors, there are independent packers who are caught in a bind and it does not seem to be possible to do anything except to provide a small subsidy in order to let them live and distribute their products to the people.

The CHAIRMAN. The time of the gentleman has expired. All time has expired. The Clerk will read the bill for amendment.

The Clerk read as follows:

Sec. 2. Section 4 of the act approved March 8, 1938 (52 Stat. 108), as amended, is hereby amended by deleting the term "\$2,650,000,000" and inserting in lieu thereof the term "\$3,150,000,000";

Mr. SMITH of Ohio. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Ohio:
On page 2, line 10, strike out all of section 2.

(Mr. SMITH of Ohio asked and was given permission to revise and extend his remarks in the RECORD.)

Mr. SMITH of Ohio. Mr. Chairman, I stated previously this afternoon that I intended to offer an amendment to strike out the increased borrowing authorization of \$500,000,000 in this bill. No justification at all was shown before our committee for this increased borrowing power for the Commodity Credit Corporation. I cannot exactly say what the mind of the committee was, but it seemed to me there was a general understanding that the provisions of the bill against the use of subsidies and the roll-back program would prevail. Therefore, there is no need, if there are not going to be any subsidies, for this increased authorization.

I understand that the Commodity Credit Corporation still has approximately \$400,000,000 or \$450,000,000 in reserve. This being the case, it seems to me that if the Commodity Credit Corporation gets to a place where it really needs any more funds it can come back to the committee and ask for them.

It seems to be one of the easiest things for these agencies to come to the committees and ask for an authorization for more money to spend. I think we should watch these items a little more closely. Being utterly opposed to this roll-back-and-subsidy program, anyway, I want to see this \$500,000,000 eliminated.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Ohio. I yield to the gentleman from Arkansas.

Mr. MILLS. Can the gentleman advise me, based upon the hearings before his committee, how much money would be required for the Commodity Credit Corporation to make necessary loans this fall on crops harvested in the fall?

Mr. SMITH of Ohio. No justification for any amount was made. That was understood by the committee.

Mr. MILLS. Would the \$450,000,000 now available to the Commodity Credit Corporation be sufficient?

Mr. SMITH of Ohio. I do not think that point was brought out before the committee.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. KEAN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise to place a few figures in the RECORD in support of this amendment.

On page 242 of the hearings you will see where I asked Mr. Hutson how much money the Corporation was borrowing at this time last year and how much money they are borrowing now. What I was trying to find out was exactly how much money they had spent during the past year for there seemed to be a good deal of confusion as to that in our committee.

The figures given me show that they spent approximately \$500,000,000 during last year. Out of that, on the same page, they testified that they spent \$207,000,000 on foreign purchases, which we have pro-

hibited under section 8 of this bill, and that they had spent \$25,000,000 under the subsidy program. Deducting these two items totaling \$232,000,000 from the \$500,000,000 they have spent shows that they might need for this year approximately \$270,000,000; but they have on hand today \$465,000,000. Therefore, I think the position taken by the gentleman from Ohio [Mr. SMITH] is pretty sound, and that if this bill passes with its restrictions they will not need any further money. Also owing to higher prices of farm commodities the Corporation should not be asked this year to lend so much money as they have in the past to protect farm prices. It seems to me the amendment offered by the gentleman from Ohio should be agreed to.

Mr. DIRKSEN. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I have had only brief opportunity, of course, to examine the figures that have been submitted by the Commodity Credit Corporation, but it occurs to me that this extra \$500,000,000 that is in issue in this amendment is, at least to the extent of 50 percent of that amount, unnecessary for the normal operations of the Commodity Credit Corporation. The exact amount will be about \$232,000,000, as I understand, so there would be a little cushion of about one-half of that amount. That, of course, in addition to whatever profits the Commodity Credit Corporation may have made or whatever unexpended balances are available to them, could then be used for their operations in the year to come. Is that a fair statement?

Mr. KEAN. Yes. They have \$465,000,000 on hand at present.

Mr. DIRKSEN. I recognize the importance of the operations of the Commodity Credit Corporation in the general agricultural scheme and in dealing with farm commodities. We made provision for this agency in the agriculture appropriation bill. We do insert some limitations, but we have always recognized the necessity for this kind of a trading operation when you have a very uncertain condition in the country.

My best judgment is that probably the Smith amendment that is now pending ought not to be adopted so as to hamstring the operations of the Corporation. It does not involve the subsidy money, as I understand, this particular money. Of course, it will be taken care of if the subsidy restriction is adopted by the Committee of the Whole.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Arkansas.

Mr. MILLS. It is true, of course, that if this borrowing authority is not needed it will not be utilized by the Corporation.

Mr. DIRKSEN. That is quite true. Where you have a rather extensive authorization that deals not only with operations within our own country but operations abroad, as, for instance, in the case of Peruvian copper or Peruvian long-staple cotton, Brazilian cotton, Brazilian coffee, and a good many other items, I doubt the wisdom of holding them so close that you might very con-

ceivably obstruct and hamstring their operations.

Miss SUMNER of Illinois. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Illinois.

Miss SUMNER of Illinois. We cut them half a billion. This is one of the most important agencies for getting food, because under the Steagall amendment that was adopted and reamended they can support anywhere, at least above 90 percent of parity. They have gotten beans, snap beans, and all sorts of vegetables and strategic kinds of commodities like corn and that sort of thing that otherwise they could not have gotten without this money. It seems to me this is one place where you can put the money and get results.

Mr. DIRKSEN. That is right. It is, after all, only a borrowing authority for the purposes of operational funds.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Michigan.

Mr. CRAWFORD. If I am not misinformed, the Commodity Credit Corporation will undoubtedly be requested subsequently to make vast purchases for lease-lend. All of these funds go into their general operations, do they not?

Mr. DIRKSEN. That is right.

Mr. CRAWFORD. I do not see how we can make any mistake by letting them have this additional half billion dollars.

Mr. DIRKSEN. It does not involve so many dollars. It just involves borrowing to the limit so that they will be on the safe side.

Mr. STEAGALL. Mr. Chairman, originally officials of the Corporation asked for \$1,000,000,000, but the committee, anticipating a curtailment of the services they will be required to render next year, and that possibly this bill will take away some of the demands upon the Corporation reduced it to the amount carried in the bill, \$500,000,000. If the officials of the Corporation find that they cannot operate with that amount, and undoubtedly the demands during the next year are liable to run well ahead of what they have been, it will not be difficult to obtain legislation to increase the amount. But if this bill is amended, as it probably will be, it will limit the services to be rendered by the Corporation, so that it will not matter if it is more than they need, it could only be used for the purposes authorized.

Miss SUMNER of Illinois. Mr. Chairman, I call attention to this one thing. They gave us figures on their losses, and it appears in the hearings they are expected to be about \$70,000,000 from the period of their operations before the Board started. In making a little table of it for my own use it occurred to me that if they held their commodities just a bit longer and had not put them on the market in order to provide these commodities for use for war purposes, their loss would have been erased, and perhaps there would have been a profit instead. They started taking their loss, that is, the cotton loss, in 1936. That cotton could just as well have been held until today, and it would have been a

profit. So I think it is just as well to keep in mind for the future, because the same kind of a situation is likely to occur after this war as during the depression, and this is the kind of a corporation with the idea of holding surpluses over from one year when there is a surplus, to another year, when there is not so as to keep a stability not only on the agricultural program, but a stability of the whole program, through stabilizing all agricultural products, and you can do it without loss. I mention that not only because there is not very much danger in voting against the amendment, but also to draw attention to the fact for future purposes, that this is something that might very well be a permanent agency, which would help to alleviate the depressions from the high peak of prosperity, from which we have suffered so much in the past in this country.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio.

The amendment was rejected.

Mr. SMITH of Ohio. Mr. Chairman, I offer the following amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Ohio: Page 2, strike out lines 14 to 18, inclusive, and insert:

"Sec. 3. Section 7 of the act approved January 31, 1935 (Public, No. 1, 74th Cong.; 49 Stat. 4), is amended (a) by striking out 'June 30, 1943' in the first sentence and inserting in lieu thereof 'June 30, 1945', (b) by inserting '(a)' after 'Sec. 7', and (c) by inserting at the end thereof the following:

"(b) The financial transactions of the Corporation beginning with the period from July 1, 1943, shall be audited by the General Accounting Office (in accordance with the principles applicable to commercial corporate transactions) and under such rules and regulations as may be prescribed by the Comptroller General of the United States: *Provided*, That the Corporation shall continue to have the authority to make final and conclusive settlement and adjustment of any claims by or against the Corporation or the accounts of its fiscal officers: *Provided further*, That a report of such audit shall be made to Congress, together with such recommendations as the Comptroller General may deem advisable, and that each such report shall cover a period of one fiscal year: *Provided further*, That a copy of each such report shall be furnished the Secretary of the Treasury and that the findings contained therein shall be considered by the Secretary in appraising the assets and liabilities and determining the net worth of the Corporation under sections 1 and 2 of the act of March 8, 1938 (52 Stat. 107), as amended: *Provided, however*, That nothing in this section shall be construed as modifying legislation authorizing the use of funds of the Corporation for administrative expenses and requiring accountability therefor.

"(c) The expenses of the audit as provided in this section may be paid up to and including June 30, 1945, from moneys advanced therefor by the Corporation, or from any appropriation or appropriations for the General Accounting Office, and appropriations so used shall be reimbursed promptly by the Corporation as billed by the Comptroller General: *Provided*, That any such advances or reimbursements shall be considered as nonadministrative expenses of the Corporation. For the purposes of such audit the representatives of the General Accounting Office shall have access to all papers, books,

files, accounts, financial records, warehouses, and all other things, property, and places belonging to or under the control of or used or employed by the Corporation and shall be afforded full facilities for verifying transactions with and balances in depositaries and with fiscal agents: *Provided*, That the certified financial reports and schedules of the fiscal agents of the Corporation based on commercial audits in the usual course of business may be accepted by the General Accounting Office in its audit of the financial transactions of the Corporation as final and not subject to further audit verification.

"(d) Any examination of the corporate records shall be made at the place or places where such records are normally kept in the transaction of the corporate business, and the Corporation shall retain custody of contracts, vouchers, schedules, or other financial or accounting documents, either original or duplicate, relating to its nonadministrative transactions."

Mr. SMITH of Ohio. Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection? There was no objection.

Mr. SMITH of Ohio. Mr. Chairman, this amendment should have the support of every Member of this House. It simply provides for an annual audit of the books and transactions of the Commodity Credit Corporation. If anyone can give any reason why this agency should not be subjected to an annual audit, I should like to have him rise in his place and state his reason therefor.

I do not know anything about the transactions of this agency, but here is an agency which has at its command more than \$3,000,000,000. That is a lot of money, and I think it is of interest to the people who furnish that money to know precisely what is being done with it. They ought to know, and I think they want to know. A number of agencies have been established in the last 10 or 12 years which are not subject to audit. I might say that this agency has been audited, so far as its administration is concerned, but not with regard to its operations and transactions, and until we have such an audit we do not know what the actual condition of the Commodity Credit Corporation is. I do not think it is necessary to go into this any further. I believe, as I said a moment ago, that every Member of this House ought to vote for this amendment. I might say that originally this bill had a provision requiring an audit of the books and transactions of the agency. It was taken out of the bill, and I thought at the time it was deleted that it would be put back in another form, but it was not. That is one reason that I have offered this amendment, and I hope it will receive full support.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. SMITH].

The question was taken; and on a division (demanded by Mr. SMITH of Ohio) there were ayes 70 and noes 82.

Mr. SMITH of Ohio. Mr. Chairman, I ask for tellers.

Tellers were refused.

So the amendment was rejected.

The Clerk read as follows:

Sec. 4. The Federal Reserve banks are hereby authorized to act as depositaries, cus-

todians, and fiscal agents for the Commodity Credit Corporation.

Mr. CURTIS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I shall support the amendment offered by the gentleman from Michigan [Mr. Wolcott] against subsidies. I feel that if this Administration were truly interested in stopping inflation and paying the cost of this war as we go along we would have had a sales tax within a few days after we declared war. The subsidy is a sales tax in reverse. It is another attempt to pan-handle our way to victory. Its effect on the production of food is most disastrous.

I would like to read to you a letter that came to my office this morning from a young farmer in my district.

I fed 4 carloads of steers this past season and landed on last week's market when the Government and the packers were at loggerheads over roll-back prices. Before roll-backs were considered prices were hardly high enough to permit a feeder to break even. I borrowed the money to carry on this supposedly necessary job and now find that I have a mortgage on my cattle that were clear before I started.

Since September 1942, the cost of producing meat has advanced at least 40 percent and there is absolutely no way to roll-back this cost. Most certainly Government edict won't roll it back.

One man and I look after the stock, do the farming, and put up the hay on this small ranch which carries the usual Federal land bank loan. We were of the opinion that it was necessary work and we hoped to be able to produce 100,000 pounds of meat ready for the consumer. I feel that my business was sacrificed to enhance the position of Mr. Roosevelt in his fight with Lewis.

I feel that to continue the production of meat under the present set-up is to flirt with bankruptcy. This has little or no appeal to me. I have a further suspicion that the Government through the Office of Price Administration is planning on forcing a liquidation of livestock through the simple method of causing losses. I feel this strongly enough so that my business which was on a sound producing basis is in for drastic curtailment. Young sows which normally should raise a crop of fall pigs will be marketed. There will be no fall pigs on this place for the first time in years. Our cows and heifers are in the balance and probably will be mostly sold. So far as feeding cattle is concerned that is out the window. Incidentally I increased the weight of the cattle I fed 30,000 pounds, besides improving the quality. I didn't get paid for it. I feel so strongly that a liquidation at a loss is just around the corner that I am attempting to get my house in order. It means a feast today, a famine tomorrow.

The CHAIRMAN. The time of the gentleman has expired.

The pro forma amendment was withdrawn.

The Clerk read as follows:

Sec. 5. Section 22 (g) of the Federal Reserve Act, as amended (12 U. S. C. 375a), is hereby amended by adding at the end thereof the following: "This section shall not apply to loans which the Commodity Credit Corporation has agreed to guarantee or secure."

Miss SUMNER of Illinois. Mr. Chairman, I offer an amendment which is at the desk.

The Clerk read as follows:

Amendment offered by Miss SUMNER of Illinois: Page 2, line 22, after the phrase "Sec. 5", strike out the word "Section" and

insert the word "Subsection"; page 2, line 22, after the word "this", strike out the word "section" and insert the word "subsection"; page 2, line 24, after the word "to", insert the phrase "take over or purchase."

Mr. STEAGALL. Mr. Chairman, there is no objection to the amendment offered by the gentlewoman from Illinois. It meets the judgment and approval of the officials of the Federal Reserve System. It is simply a perfecting amendment.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentlewoman from Illinois [Miss SUMNER].

The amendment was agreed to.

Mr. WOODRUM of Virginia. Mr. Chairman, I move to strike out the last word and I ask unanimous consent to speak out of order.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. WOODRUM of Virginia. Mr. Chairman, we are at a critical hour in the history of this world conflict. Our armies in the field are winning glorious victories. Today in the minds of many American citizens, we are about to lose an important battle on the home front. The time and circumstances are not appropriate to go into much detail about that. But the Chief Executive, for reasons undoubtedly sufficient in his own mind, has sent back to the Congress without approval, the Smith-Connally bill. The other body, at the other end of the Capitol, has passed the bill over the Presidential veto. The clerk of the Senate is at the portals of the House of Representatives with a message from the Senate. It is time now for action in this body, not tomorrow, not Monday, but today.

Mr. MAY. Will the gentleman yield?

Mr. WOODRUM of Virginia. If the gentleman will pardon me just a minute.

Every man is entitled to his own individual opinion, and he must take his own responsibility. The President can take his. He is amply qualified to do it. I want to take mine. I do not want to put it off. I want to say to the people that I represent, and I want to send a message to the boys in the fox holes and on the battle fronts that those of us here at home are going to do our part. I hope very much it will be the pleasure of this House to take immediate action upon this important matter, and not let it simmer here and work into a festering sore. We should unhesitatingly pass this bill over the veto.

The CHAIRMAN. The time of the gentleman from Virginia has expired.

Mr. MAY. Mr. Chairman, I move to strike out the last word, and I ask unanimous consent to proceed out of order.

The CHAIRMAN. The gentleman from Kentucky asks unanimous consent to speak out of order; is there objection?

Mr. WOLCOTT. Reserving the right to object, Mr. Chairman—

Mr. MARCANTONIO. Reserving the right to object—

The CHAIRMAN. The gentleman from Kentucky [Mr. MAY] asks unanimous consent to speak out of order, and the gentleman from Michigan [Mr.

WOLCOTT] reserves the right to object. The gentleman from Michigan is recognized.

Mr. WOLCOTT. Mr. Chairman, I understand that ordinarily the veto message of the President is not open to discussion.

We have before this Committee a very important bill. I have a certain responsibility to this Committee to preserve consideration of this bill. I do not intend to allow the consideration of this Commodity Credit Corporation bill to be turned into a forum for the consideration of the President's veto message.

I will not object to the gentleman from Kentucky speaking out of order, but I shall object to anyone else speaking out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

Mr. MARCANTONIO. Mr. Chairman, I reserve the right to object. I do not think it is proper or fitting as Americans to permit the House to become worked up against labor by a lot of this antilabor talk on the President's message, and I object.

The CHAIRMAN. Objection is heard.

The Committee will rise informally.

The Committee rose informally, and the Speaker assumed the chair.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. FRAZIER, its legislative clerk, announced that the Senate having proceeded to reconsider the bill (S. 796) entitled "An act relating to the use and operation by the United States of certain plants, mines, and facilities in the prosecution of the war, and preventing strikes, lock-outs, and stoppages of production, and for other purposes," returned by the President of the United States with his objections, to the Senate of the United States, in which it originated, it was

Resolved, That the said bill pass, two-thirds of the Senate having voted in the affirmative.

The message also announced that the Senate still further insists upon its amendments numbered 5, 60, and 61 to the bill (H. R. 2714) entitled "An act making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1943, and for prior fiscal years, and for other purposes," disagreed to by the House; agrees to a further conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. McKELLAR, Mr. GLASS, Mr. HAYDEN, Mr. TYDINGS, Mr. RUSSELL, Mr. NYE, and Mr. LODGE to be the conferees on the part of the Senate.

The SPEAKER. The Committee will resume its sitting.

(The Committee resumed its sitting.)

The CHAIRMAN (Mr. GORE). The gentleman from Kentucky [Mr. MAY] is recognized.

Mr. MAY. Mr. Chairman, I hope that we will resolve our tempers, return to our customary good judgment, and particularly to adhere to that for which our forefathers fought, that it is the right of men to be independent and to enjoy their liberties. That includes the right to vote

as we please and to exercise our own judgment. Just as soon as this Committee rises I expect to move the previous question—

Mr. MARCANTONIO. Mr. Chairman, I make a point of order that the gentleman is not proceeding in order.

Mr. McGRANERY. Mr. Chairman, I make the point of order that the gentleman is not in order.

The CHAIRMAN. The gentleman from New York makes the point of order that the gentleman is not proceeding in order. The gentleman from Kentucky will proceed in order.

Mr. MAY. Mr. Chairman, so far as the gentleman from New York and the gentleman from Pennsylvania know, I may have meant that I would move the previous question on the bill under consideration. But I will move the previous question, and I shall expect the House of Representatives to meet its responsibility as I shall meet mine, fearlessly and in the interest of the men in the fox-holes of Bataan and Guadalcanal and Kiska and Attu where this message of the President has struck like a 4-ton block buster. I raise no question as to the good faith of the President, but "to err is human and to forgive is divine" and I gladly concede his right to veto the Connally-Smith bill, but I have a right to, and do most seriously question the wisdom of his act. No law, however severe, hurts anyone who does not violate or disobey it. The rank and file of labor are sound at heart and patriotic in purpose, but some labor leaders, as stated in the President's message, have for selfish reasons knowingly obstructed production of vital war materials and thus tied the hands of our fighting forces in our greatest hour of peril and at a time when thousands of our boys in uniform face death in many parts of the world. I hope this House will stand man to man for the safety of our Republic and vote to override the veto.

Mr. McCORMACK. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I am hopeful that the debate on this bill will proceed in order and be brief, and when the bill is out of the way the veto message will be brought up for action.

Mr. BARRY. Mr. Chairman, I have an amendment.

The Clerk read as follows:

Amendment offered by Mr. BARRY: Page 2, line 24, after the word "secure", strike out all of section 6.

Mr. WOLCOTT. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. The gentleman will state it.

Mr. WOLCOTT. I understand the amendment offered by the gentleman from New York is to strike out section 6. As I understand it, section 6 has not been read.

The CHAIRMAN. The gentleman is correct; the point of order is sustained. The Clerk will read.

The Clerk read as follows:

Page 3, line 3, section 6:

"Sec. 6. In order to prevent the funds of the Commodity Credit Corporation or any other

Government agency from being used for the payment of subsidies to maintain maximum prices for agricultural commodities or for commodities processed in whole or in substantial part from agricultural commodities, no maximum price shall be established or maintained under any law for any such commodity below a price which will reflect to the producers thereof, in the market place the support price therefor announced by the Secretary, or below the higher of the maximum prices provided in section 3 of Public Law No. 729, approved October 2, 1942, as amended, except that nothing in the foregoing provisions shall be construed to prevent the selling of wheat for feeding purposes if sold at not less than the parity price of corn nor to prevent such adjustments in the price supports and price ceilings on competitive oils and fats as may be required to bring about or to maintain the necessary relationship in the prices of such products that is required to assure adequate production for the war effort. Agreements made by the Commodity Credit Corporation prior to the enactment of this act shall not be affected by this section until 60 days after the date of enactment of this act."

Mr. WOLCOTT. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: On page 3, line 3, strike out all of section 6 and substitute in lieu thereof the following:

"SEC. 6. In order to prevent the funds of the Commodity Credit Corporation or any other Government agency from being used for the payment of subsidies. No subsidies or other payments, other than those which have accrued prior to the effective date hereof, shall be made either directly or indirectly by the Government or any agency thereof, including any Government-owned or Government-controlled corporation, to a producer, processor, manufacturer, or to any other person engaged in the production, marketing, distribution, or handling of any agricultural commodity, including milk and livestock and the products thereof, or commodities processed in whole or in substantial part from agricultural commodities either (1) for any reduction or roll-back of maximum prices or support prices that have been or may hereafter be ordered, or (2) as a substitute for or in lieu of increasing maximum prices or support prices already or hereafter established, or (3) to maintain any maximum price already or hereafter established, from any funds heretofore or hereafter appropriated to, borrowed under Congressional authorization by, or in custody or control of any governmental agency, including any Government-owned or Government-controlled corporation, unless the Congress shall have specifically authorized the use of such funds for such purpose: *Provided*, That nothing in the foregoing provisions shall be construed to prevent the selling of wheat for feeding purposes, if sold at not less than the parity price of corn nor to prevent such adjustments in the maximum or support prices on competitive domestic vegetable oils and fats and oil seed as may be necessary to bring about or to maintain adequate production for the war effort; nor shall any maximum price for any such commodity be established or maintained for any such agricultural commodity including milk and livestock and the products thereof, or commodities processed in whole or in substantial part from agricultural commodities, below a price which will reflect to the producers thereof, in the market place a price below the support price therefor nor a price below the higher of the maximum prices provided in Section 3 of Public Law Numbered 729, approved October 2, 1942."

Mr. BARRY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN (Mr. WOODRUM). The gentleman will state it.

Mr. BARRY. Mr. Chairman, if the amendment offered by the gentleman from Michigan just read is adopted, then will it be possible to offer an amendment to strike out the entire section 6?

The CHAIRMAN. It would not.

Mr. BARRY. The only way to get an opportunity to strike out section 6 is to defeat this amendment?

The CHAIRMAN. The gentleman is correct.

Mr. STEAGALL. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Alabama.

Mr. STEAGALL. Mr. Chairman, this amendment has had careful and thorough study by the gentleman from Michigan, and myself. We have worked on the amendment jointly for several days, and we have consulted various people who have been interested in it. It has been before the Committee on Banking and Currency for consideration, but was not adopted by the committee as a committee amendment. It was not acted on by the committee. Speaking for myself, personally, I wish to say that I favor the substitute offered by the gentleman from Michigan. Unless the gentleman from Michigan desires time, I ask unanimous consent that debate on the amendment do now close.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama [Mr. STEAGALL]?

Mr. CELLER. Mr. Chairman, I object.

Mr. STEAGALL. Mr. Chairman, I move that all debate on this amendment and all amendments thereto do now close.

The question was taken; and on a division (demanded by Mr. CELLER) there were—ayes 195, noes 48.

Mr. KELLEY. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed Mr. STEAGALL and Mr. KELLEY to act as tellers.

The Committee again divided; and the tellers reported there were—ayes 179, noes 52.

So the motion was agreed to.

Mr. MONRONEY. Mr. Chairman, I move that the committee do now rise.

The question was taken; and on a division (demanded by Mr. MONRONEY) there were—ayes 42, noes 130.

So the motion was rejected.

Mr. O'HARA. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. O'HARA to the amendment offered by Mr. WOLCOTT: Line 4, after the word "hereof", insert "including the commitments heretofore made for the production and processing of canned vegetables for the crop season for the year 1943."

The CHAIRMAN. The question is on the amendment to the amendment.

The question was taken; and on a division (demanded by Mr. AUGUST H. ANDRESEN) there were—ayes 125, noes 95.

So the amendment to the amendment was agreed to.

Mr. HULL. Mr. Chairman, I offer an amendment to the amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. HULL: After the amendment proposed by the gentleman from Michigan, Mr. WOLCOTT, insert the following: "Agreements made by the Commodity Credit Corporation prior to the enactment of this act shall not be affected by this section until 60 days after the date of the enactment of this act."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. HULL] to the amendment.

The amendment to the amendment was rejected.

Mr. GILCHRIST. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GILCHRIST: Amend the pending Wolcott amendment by inserting after the words "parity price of corn" the words "at the time and in the area of the sale."

The amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. WOLCOTT] as amended.

The amendment was agreed to.

The Clerk read as follows:

SEC. 7. Such modifications shall be made in maximum prices established under the Emergency Price Control Act of 1942, approved January 30, 1942 (Public Law No. 421, 77th Cong.), and an act to amend the Emergency Price Control Act of 1942 to aid in preventing inflation and for other purposes, approved October 2, 1942 (Public Law No. 729, 77th Cong.), for any agricultural commodity and for commodities processed or manufactured in whole or substantial part from any agricultural commodity, as the War Food Administrator determines are necessary to secure an adequate production of such commodity for war purposes.

Mr. STEAGALL. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. STEAGALL: On page 4, line 1, strike out "modifications" and insert the word "increases."

The committee amendment was agreed to.

Mr. WOLCOTT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: On page 4, line 10, after the word "commodity", strike out the comma and insert "including milk and livestock and the products thereof."

Mr. STEAGALL. Mr. Chairman, there is no objection to the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan.

The amendment was agreed to.

Mr. WRIGHT. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, never in my short service in the House, save on one other occasion, and that was the day on which war was declared against our enemies, have I seen this House so tense and so excited. We have very serious and grave matters confronting us today upon which we must exercise our judgment as legislators. I am interested, as is everybody else, in being faithful to the men of this Nation who are fighting on the far seas and over in north Africa. I do not think we are going to help those men by

doing anything ill-considered or by doing anything which is going to interfere with the almost miraculous production which we have had in this country. My plea is that the Members of this House today use the same reason and good judgment which I have seen them exercise so often, and that they be not stampeded by any emotional appeal on the important matters on which we have to vote.

Mr. STEAGALL. Mr. Chairman, I ask unanimous consent that all debate on the pending section and all amendments thereto do now close.

Mr. BARRY. I object, Mr. Chairman.

Mr. STEAGALL. Mr. Chairman, I move that all debate on this bill do now close.

The CHAIRMAN. The question is on the motion offered by the gentleman from Alabama.

The question was taken; and on a division (demanded by Mr. COFFEE and Mr. RABAUT) there were—ayes 190, noes 29.

So the motion was agreed to.

The Clerk read as follows:

SEC. 8. Full reimbursement shall be made to the Commodity Credit Corporation for services performed, losses sustained, operating costs incurred, or commodities purchased or delivered to or on behalf of the Lend-Lease Administration, the Army or Navy, the Board of Economic Warfare, the Reconstruction Finance Corporation, or any other Government agency, from the appropriate funds of these agencies.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. WOODRUM of Virginia, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee having had under consideration the bill (H. R. 2869) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes, pursuant to House Resolution 270, reported the same back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment?

Mr. RABAUT. Mr. Speaker, I ask for a separate vote on the Wolcott amendment.

The SPEAKER. Is a separate vote demanded on any other amendment? If not, the Chair will put them en gross.

The question is on the amendments.

The question was taken; and on a division (demanded by Mr. DICKSTEIN) there were—ayes 225, noes 32.

So the amendments were agreed to.

The SPEAKER. The Clerk will report the amendment on which a separate vote is demanded.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: On page 3, line 3, strike out all of section 6 and substitute in lieu thereof the following:

"Sec. 6. In order to prevent the funds of the Commodity Credit Corporation or any other Government agency from being used for the payment of subsidies, no subsidies or other payments, other than those which

have accrued prior to the effective date hereof, shall be made either directly or indirectly by the Government or any agency thereof, including any Government-owned or Government-controlled corporation, to a producer, processor, manufacturer, or to any other person engaged in the production, marketing, distribution, or handling of any agricultural commodity, including milk and livestock and the products thereof, or commodities processed in whole or in substantial part from agricultural commodities either (1) for any reduction or roll-back of maximum prices or support prices that have been or may hereafter be ordered, or (2) as a substitute for or in lieu of increasing maximum prices or support prices already or hereafter established, or (3) to maintain any maximum price already or hereafter established, from any funds heretofore or hereafter appropriated to, borrowed under congressional authorization by, or in custody or control of any governmental agency, including any Government-owned or Government-controlled corporation, unless the Congress shall have specifically authorized the use of such funds for such purpose: *Provided*, That nothing in the foregoing provisions shall be construed to prevent the selling of wheat for feeding purposes, if sold at not less than the parity price of corn nor to prevent such adjustments in the maximum or support prices on competitive domestic vegetable oils and fats and oil seed as may be necessary to bring about or to maintain adequate production for the war effort; nor shall any maximum price for any such commodity be established or maintained for any such agricultural commodity including milk and livestock and the products thereof, or commodities processed in whole or in substantial part from agricultural commodities below a price which will reflect to the producers thereof, in the market place a price below the support price therefor for a price below the higher of the maximum prices provided in section 3 of Public Law No. 729, approved October 2, 1942."

Mr. DINGELL (interrupting the reading of the amendment). Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. DINGELL. Is this the amendment that has to do with the elimination of the payment of any subsidies?

The SPEAKER. This is the Wolcott amendment as amended.

Mr. DINGELL. I should like to have an explanation of it.

The SPEAKER. The Chair is not presumed to know the language of the amendment.

The Clerk concluded the reading of the amendment.

The SPEAKER. The question is on the amendment.

The question was taken; and the Chair announced that the ayes appeared to have it.

Mr. WRIGHT. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were refused.

Mr. MARCANTONIO. Mr. Speaker, I demand tellers.

Tellers were refused.

So the amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. WRIGHT and Mr. BRADLEY of Pennsylvania demanded the yeas and nays.

The yeas and nays were refused.

The bill was passed.

A motion to reconsider was laid on the table.

USE AND OPERATION OF WAR PLANTS IN PROSECUTION OF WAR—VETO MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (S. DOC. NO. 75)

The SPEAKER. The Chair lays before the House the following message from the President of the United States.

Mr. KLEIN. Mr. Speaker, I move that the House do now adjourn.

The motion was rejected.

The Clerk read the message from the President of the United States.

(For message from the President of the United States, see proceedings of the Senate of this day.)

The SPEAKER. The objections of the President will be entered at large upon the Journal, and the message and bill will be printed as a document.

The question is, Will the House on reconsideration agree to pass the bill, the objections of the President to the contrary notwithstanding. Under the Constitution this vote must be taken by the yeas and nays.

The Clerk will call the roll.

The Clerk called the roll; and there were—yeas 244, nays 108, not voting 79, as follows:

[Roll No. 114]

YEAS—244

Abernethy	Davis	Hendricks
Allen, La.	Dewey	Herter
Andersen,	Dies	Hess
H. Carl	Dirksen	Hilli
Anderson, Calif.	Disney	Hlnshaw
Anderson,	Domengeaux	Hobbs
N. Mex.	Dondero	Hoeven
Andresen,	Doughton	Hoffman
August H.	Drewry	Holmes, Mass.
Andrews	Durham	Holmes, Wash.
Arends	Dworshak	Hope
Arnold	Eaton	Horan
Auchincloss	Elliott	Howell
Baldwin, Md.	Ellis	Jeffrey
Barrett	Ellsworth	Jenkins
Beckworth	Elston, Ohio	Jennings
Bell	Fellows	Jensen
Bennett, Mo.	Fernandez	Johnson,
Bland	Fish	Anton J.
Bonner	Fisher	Johnson,
Boren	Fulbright	J. Leroy
Boykin	Fulmer	Johnson,
Brehm	Gale	Luther A.
Brooks	Gathings	Johnson,
Brown, Ga.	Gearhart	Lyndon B.
Brown, Ohio	Gerlach	Johnson, Okla.
Bryson	Gibson	Johnson, Ward
Buffett	Gifford	Jones
Bulwinkle	Gilchrist	Jonkman
Burch, Va.	Gillette	Judd
Burgin	Gillie	Kean
Camp	Goodwin	Keefe
Cannon, Mo.	Gore	Kefauver
Carlson, Kans.	Gossett	Kerr
Carson, Ohio	Graham	Kilday
Case	Grant, Ala.	Kinzer
Chapman	Grant, Ind.	Kleberg
Chenoweth	Gregory	Knutson
Chlperfield	Griffiths	Lambertson
Church	Gross	Lanham
Clark	Gwynne	Lea
Claason	Hale	LeCompte
Clevenger	Hall, Edwin	LeFevre
Cole, N. Y.	Arthur	McCord
Colmer	Hall,	McCowan
Cooley	Leonard W.	McGehee
Cooper	Halleck	McGregor
Courtney	Hancock	McMillan
Cox	Hare	McWilliams
Cravens	Hartess, Ariz.	Maas
Crawford	Harness, Ind.	Mahon
Creal	Harris, Ark.	Maloney
Cunningham	Harris, Va.	Manasco
Curtis	Hays	Mansfield, Tex.

78TH CONGRESS
1ST SESSION

H. R. 2869

IN THE SENATE OF THE UNITED STATES

JUNE 25 (legislative day, MAY 24), 1943

Read twice and ordered to lie on the table

AN ACT

To continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 1 of the Act approved March 8, 1938 (52 Stat.
4 107), as amended, is hereby amended by deleting from the
5 first sentence thereof the term "31st of March" where that
6 term first appears therein and substituting in lieu thereof the
7 term "30th of June", and by deleting from the second sen-
8 tence thereof "on the basis of the cost, including not more
9 than one year of carrying charges, of such assets to the
10 Corporation, or the average market prices of such assets for

1 a period of twelve months ending with March 31 of each
2 year, whichever is less", and inserting in lieu thereof "on
3 the basis of the cost, or insofar as practicable, the average
4 market price of such assets during the last month of the
5 fiscal year covered by the appraisal, whichever is the lower".
6 Only one appraisal of the assets and liabilities of the Corpor-
7 ation shall be made during the calendar year 1943 which
8 shall be on the basis established by this amendment.

9 SEC. 2. Section 4 of the Act approved March 8, 1938
10 (52 Stat. 108), as amended, is hereby amended by deleting
11 the term "\$2,650,000,000" and inserting in lieu thereof the
12 term "\$3,150,000,000;".

13 SEC. 3. The first sentence of section 7 of the Act ap-
14 proved January 31, 1935 (Public, Numbered 1, Seventy-
15 fourth Congress; 49 Stat. 4), is amended by striking out
16 "June 30, 1943" and inserting in lieu thereof "June 30,
17 1945".

18 SEC. 4. The Federal Reserve banks are hereby author-
19 ized to act as depositaries, custodians, and fiscal agents for
20 the Commodity Credit Corporation.

21 SEC. 5. Subsection 22 (g) of the Federal Reserve Act,
22 as amended (12 U. S. C. 375a), is hereby amended by add-
23 ing at the end thereof the following: "This subsection shall
24 not apply to loans which the Commodity Credit Corporation
25 has agreed to take over or purchase".

1 SEC. 6. In order to prevent the funds of the Commodity
2 Credit Corporation or any other Government agency from
3 being used for the payment of subsidies, no subsidies or other
4 payments, other than those which have accrued prior to the
5 effective date hereof, including the commitments heretofore
6 made for the production and processing of canned vegetables
7 for the crop season for the year 1943, shall be made either
8 directly or indirectly by the Government or any agency
9 thereof, including any Government-owned or Government-
10 controlled corporation, to a producer, processor, manufac-
11 turer, or to any other person engaged in the production,
12 marketing, distribution, or handling of any agricultural com-
13 modity, including milk and livestock and the products thereof,
14 or commodities processed in whole or in substantial part from
15 agricultural commodities either (1) for any reduction or
16 roll-back of maximum prices or support prices that have been
17 or may hereafter be ordered, or (2) as a substitute for or
18 in lieu of increasing maximum prices or support prices
19 already or hereafter established, or (3) to maintain any
20 maximum price already or hereafter established, from any
21 funds heretofore or hereafter appropriated to, borrowed under
22 Congressional authorization by, or in custody or control of
23 any governmental agency, including any Government-owned
24 or Government-controlled corporation, unless the Congress
25 shall have specifically authorized the use of such funds for

1 such purpose: *Provided*, That nothing in the foregoing pro-
2 visions shall be construed to prevent the selling of wheat for
3 feeding purposes, if sold at not less than the parity price of
4 corn nor to prevent such adjustments in the maximum or
5 support prices on competitive domestic vegetable oils and
6 fats and oil seed as may be necessary to bring about or to
7 maintain adequate production for the war effort; nor shall
8 any maximum price for any such commodity be established
9 or maintained for any such agricultural commodity, including
10 milk and livestock and the products thereof, or commodities
11 processed in whole or in substantial part from agricultural
12 commodities, below a price which will reflect to the producers
13 thereof, in the market place a price below the support price
14 therefor nor a price below the higher of the maximum prices
15 provided in section 3 of Public Law Numbered 729, approved
16 October 2, 1942.

17 SEC. 7. Such increases shall be made in maximum
18 prices established under the Emergency Price Control Act
19 of 1942, approved January 30, 1942 (Public Law Numbered
20 421, Seventy-seventh Congress), and an Act to amend the
21 Emergency Price Control Act of 1942 to aid in preventing
22 inflation and for other purposes, approved October 2, 1942
23 (Public Law Numbered 729, Seventy-seventh Congress),
24 for any agricultural commodity and for commodities processed
25 or manufactured in whole or substantial part from any agri-

1 cultural commodity, including milk and livestock and the
2 products thereof, as the War Food Administrator determines
3 are necessary to secure an adequate production of such
4 commodity for war purposes.

5 SEC. 8. Full reimbursement shall be made to the Com-
6 modity Credit Corporation for services performed, losses sus-
7 tained, operating costs incurred, or commodities purchased or
8 delivered to or on behalf of the Lend-Lease Administration,
9 the Army or Navy, the Board of Economic Warfare, the
10 Reconstruction Finance Corporation, or any other Govern-
11 ment agency, from the appropriate funds of these agencies.

Passed the House of Representatives June 25, 1943.

Attest:

SOUTH TRIMBLE,

Clerk.

AN ACT

To continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes.

JUNE 25 (legislative day, May 24), 1943
Read twice and ordered to lie on the table

78TH CONGRESS
1ST SESSION

S. 1108

IN THE SENATE OF THE UNITED STATES

JUNE 25 (legislative day, MAY 24), 1943

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. O'MAHONEY to the bill (S. 1108)

to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and to provide for an audit by the General Accounting Office of the financial transactions of the Corporation, and for other purposes, viz:
At the end of the bill insert the following new section:

- 1 The first sentence of section 2 (e) of the Emergency
- 2 Price Control Act of 1942 is hereby amended by inserting
- 3 before the period at the end thereof a colon and the follow-
- 4 ing: "*Provided further*, That the authority conferred by this
- 5 subsection with respect to the buying, selling, storage, and
- 6 use of commodities and the making of subsidy payments to
- 7 domestic producers thereof, shall, in the case of any com-

1 modity used for food purposes, be exercised only by or under
2 the direction of the War Food Administrator and only in
3 such manner and upon such terms and conditions as he
4 determines to be necessary to obtain the maximum necessary
5 production of food in the quantities specified by the President
6 to assure an adequate supply of food for the armed forces,
7 for the essential civilian needs, for carrying out the purposes
8 of the Act of March 11, 1941, and for war relief purposes:
9 *Provided further*, That no such subsidy payments shall be
10 made unless the average price received by producers in the
11 market place for such commodities meets the requirements of
12 section 3 of the Act approved October 2, 1942 (Public Law
13 729, Seventy-seventh Congress) : *Provided further*, That
14 the amount of such subsidy payments shall not exceed in the
15 aggregate the amount recommended by the President and
16 approved by the Congress: *Provided further*, That nothing
17 herein shall be construed to prevent the payment by the
18 Reconstruction Finance Corporation or any other Govern-
19 ment agency of subsidies which have accrued prior to the
20 date of enactment of this Act."

AMENDMENT

Intended to be proposed by Mr. O'MANOHAY to the bill (S. 1108) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and to provide for an audit by the General Accounting Office of the financial transactions of the Corporation, and for other purposes.

JUNE 25 (legislative day, MAY 24), 1943

Ordered to lie on the table and to be printed

78TH CONGRESS
1ST SESSION

S. 1108

IN THE SENATE OF THE UNITED STATES

JUNE 25 (legislative day, MAY 24), 1943
Further modified and ordered to be printed

AMENDMENT

Proposed by Mr. CLARK of Missouri to the bill (S. 1108) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and to provide for an audit by the General Accounting Office of the financial transactions of the Corporation, and for other purposes, viz: In lieu of the language proposed to be inserted on page 5, line 16, and extending down to and including the word "purpose" in line 10, on page 6, insert the following:

- 1 That on and after the date of enactment of this Act no
- 2 authority shall be exercised by the Price Administrator,
- 3 the Federal Loan Administrator, or any other governmental
- 4 agency or corporation with respect to the making of any
- 5 subsidy payments under section 2 (e) of the Emergency

1 Price Control Act of 1942, as amended, and any authority
2 contained in such section with respect to the making of
3 subsidy payments is hereby repealed: *Provided*, That
4 nothing in this Act shall be construed to affect in any man-
5 ner the rights or interests of any person who has acted in
6 good faith in reliance upon any regulation or order issued
7 prior to the date of enactment of this Act with respect to
8 such subsidy payments under the authority of such section
9 2 (e), and to the extent necessary to protect the rights or
10 interests of any such person in connection with transactions
11 heretofore made or entered into such subsidy payments may
12 be made: *Provided further*, That the Reconstruction Finance
13 Corporation is authorized to borrow money and (a), through
14 its subsidiary corporations, to pay to shippers of commodities
15 or others the increased costs of transportation resulting from
16 the war emergency and (b) to pay subsidies relating to, or
17 purchase for the purpose of selling at a loss, strategic and
18 critical materials necessary to the manufacture of equipment
19 and munitions of war for the United States Government or
20 any of the United Nations, and to subsidize the high cost
21 production of minerals to increase the production thereof:
22 *Provided further*, That in any case in which a commodity is
23 domestically produced, the powers granted to the Recon-
24 struction Finance Corporation by the foregoing proviso shall
25 be exercised with respect to the importations of such commod-

1 ity only to the extent that, in the judgment of the Recon-
2 struction Finance Corporation, the domestic production of
3 the commodity is not sufficient to satisfy the demand therefor.

AMENDMENT

Proposed by Mr. Clark of Missouri to the bill (S. 1108) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and to provide for an audit by the General Accounting Office of the financial transactions of the Corporation, and for other purposes.

JUNE 25 (legislative day, MAY 24), 1943.
Further modified and ordered to be printed

DIGEST OF PROCEEDINGS OF CONGRESS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE
(Issued June 28, 1943, for actions of Saturday, June 26, 1943)

(For staff of the Department only)

Contents

AAA payments.....4	Food production.....2,3	Personnel.....11
Adjournment.....10	Forestry.....5	Priorities.....19
Agricultural appropria- tion bill (individual items not indexed).....1	Inflation.....14	Rationing.....3
Appropriations.....1,7,8	Labor-Federal Security appropriation bill.....7	Roads.....6
Commodity credit.....2	Lands.....5	Rubber.....12
Conservation payments.....4	Livestock.....2	Small business.....14
Dairy industry.....2	Price control...3,13,17,18	Subsidies.....2
Fats and oils.....2	Loans, farm.....15	Sugar.....18
Feed.....2	Electrification.....9	Transportation.....6,16
Food administration.....3	Parity payments.....4	War Department military appropriation bill.....8
Food distribution.....3		Wheat feed.....2

SENATE

1. Agricultural appropriation bill. Agreed to the conference report on this bill, H. R. 2481 (pp. 6664-65).

Concurred in the House amendments to the following Senate amendments: War Food Administration, \$25,000,000 (House inserted provision making AAA personnel law applicable). Authorizing use of \$50,000,000 for school-lunch program without certain requirements regarding domestic consumption (House inserted provision prohibiting expansion of the program and prohibiting use of these funds to continue a WPA activity). Striking out the prohibition against RACC operations (House added provision that such loans shall not be administered unless they would increase food production over what would otherwise be the case, and unless it is not feasible to obtain adequate credit from other sources). (pp. 6666-67.)

Disagreed to the House amendments to the following Senate amendments: Loans, grants, and rural rehabilitation (House reduced the amounts and inserted several restrictions). Farm-tenancy loans (House reduced the amount and inserted restrictions). An amendment involving a total (House added a provision validating post-July 1 obligations). (pp. 6667-68.)

Further insisted on the following Senate amendments: Permitting use of the conservation-and-use item for programs under the Soil Conservation and Domestic Allotment Act and the Agricultural Adjustment Act of 1938. Striking out the prohibition against making incentive payments from this bill's items. Permitting use of next year's conservation-and-use appropriation for programs under the SCDA Act and the AAA Act of 1938. Provisions regarding parity payments, including authority for 1943-44 commitments and rules for 1943 payments. Increasing crop insurance from \$3,500,000 to \$7,818,748 and striking out prohibition against further contracts. Warehouse-Act increase from \$400,000 to \$464,115.

Rural-electrification increase from \$20,000,000 to \$30,000,000. (pp. 6667-68.)

Sens. Russell, Hayden, Tydings, Bankhead, Smith, Nye, and McNary were appointed conferees for a further conference (p. 6668). House conferees were appointed June 23.

2. Commodity Credit; subsidies. Passed with amendment H. R. 2869, after substituting the language of the Senate bill, S. 1108, which was amended as follows:

Agreed, 39-37, to the Clark amendment (to the committee amendment) prohibiting subsidies except for transportation, war-materials production, etc. (pp. 6639-40). Then, 46-29, agreed to a substitute amendment by Sen. Aiken prohibiting subsidies unless specifically authorized by Congress but permitting liquidation of commitments, except for milk and livestock, made on or before June 15, 1943; permitting subsidies regarding wheat for feed (if sold at not less than the parity price for corn), and permitting subsidies regarding vegetable fats and oils to assure adequate war production (pp. 6641-42). Afterwards, so that "the conferees will...have considerable latitude," agreed to the O'Mahoney amendment to prohibit subsidies except when approved by the War Food Administrator to increase food production, to limit subsidies to the amount recommended by the Budget Bureau and approved by Congress, and to permit payments of subsidy commitments (p. 6643).

Sens. Wagner, Bankhead, Maloney, Tobey, and Taft were appointed Senate conferees (p. 6644).

3. Food administration. Sen. Capper, Kans., inserted a Midwest Farm Bureau Conference resolution proposing that "Chester Davis be given control over production and distribution of food, including pricing and rationing policies" (p. 6636).
4. AAA payments. Sen. Capper, Kans., inserted President M. W. Thatcher's (National Federation of Grain Cooperatives) telegram favoring "retention of the Senate language relating to the use of the \$400,000,000 conservation payments and also providing for parity payments on 1943-1944 crops" (pp. 6636-37).
5. Forestry. Agriculture and Forestry Committee reported with amendment S. 250, to authorize the Agriculture and Interior Departments with respect to Federal and nearby private lands, to (1) establish cooperative sustained-yield units of forest lands, (2) enter into agreements with landowners for management of their land in accordance with the Departments' requirements, in consideration of privileges on Government lands, and (3) establish sustained-yield units of Federal land to maintain dependent communities (s.Rept. 359). (p. 6637)
6. Transportation; roads. Post Offices and Post Roads Committee reported without amendment S. Res. 161, to authorize appropriation of \$3,500 for the Post Office and Post Roads Committee to make a study with respect to the construction and maintenance of highways, etc., over which any U.S. agency exercises any jurisdiction or direction as a part of the war effort or otherwise. To Audit-Control Committee. (p. 6637)
7. Labor-Federal Security appropriation bill. Began debate on this bill, H.R. 2935 (pp. 6644-64, 6669-70).
8. War Department military appropriation bill. Began debate on this bill, H.R. 2936 (pp. 6668-69).
9. Electrification. Agreed, with amendment, to S. Res. 155, authorizing an investigation with respect to the supply and distribution of hydroelectric power by the Interstate Commerce Committee (p. 6670).

percent of parity is all that wheat farmers should have, although relatively the cost of producing corn is much less than the cost of producing wheat in relation to parity prices. Rightfully we expect the wheat Senators to make a fight to enable wheat producers to collect full parity price. We also expect the statesmanship of the Senators who are not from the wheat States to accord treatment to wheat producers which would give them a price and income comparable to cotton, corn, rice, and tobacco. The position of the United States Senate in all fairness to wheat producers would be that the Senate would not concur in the House language as regards the use of \$400,000,000 by the Agricultural Adjustment Administration next year which earmarks soil-conservation funds only for "soil-building and water-conservation practices." Such a restriction excludes proper price consideration and income to the wheat producers. Specifically the Senate, by debate and by language in the appropriations bill now under consideration, must make certain that the wheat farmers will not only receive the benefit of an 85-percent loan, but that agricultural conservation program payments may be made out of the \$400,000,000, and that the balance to bring wheat prices to parity shall be supported by authorization for appropriations to continue parity payments next year. The regional cooperative grain-marketing organizations which are members of the National Federation of Grain Cooperatives maintain headquarters at the following marketing places: Indianapolis, Ind.; Amarillo, Tex.; Enid, Okla.; Hutchinson, Kans.; Kansas City, Mo.; Omaha, Nebr.; Denver, Colo.; Ogden, Utah; Portland, Oreg.; Spokane, Wash.; Great Falls, Mont.; the twin ports of Duluth and Superior at the head of the Great Lakes; and the twin cities of Minneapolis and St. Paul. Repeating we seldom raise our voice on matters before Congress, but we do speak out of long-time experience in the field of the production and distribution and sale of grain and feed products, and we feel strongly the responsibility of representing more wheat producers than all general farm organizations combined. We are pressing to secure approximately 23 cents a bushel for the wheat producer, who is now producing more than ever without time and one-half for overtime and double time for Sundays. We do not ask for more than parity. This is what the 1938 Farm Act calls for. The wheat farmers have a right to expect parity. Because of their confidence in the good faith of Congress in enacting the 1938 Farm Act, Congress should either sustain this faith or rewrite this fundamental farm legislation to state whatever it determines ought to be a fair price.

Respectfully yours,

M. W. THATCHER,
President, National Federation
of Grain Cooperatives.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. McNARY, from the Committee on Agriculture and Forestry:

S. 250. A bill to promote sustained-yield forest management in order thereby (a) to stabilize communities, forest industries, employment, and taxable forest wealth; (b) to assure a continuous and ample supply of forest products; and (c) to secure the benefits of forests in regulation of water supply and stream flow, prevention of soil erosion, amelioration of climate, and preservation of wildlife; with an amendment (Rept. No. 359).

By Mr. SCRUGHAM, from the Committee on Post Offices and Post Roads:

S. Res. 161. Resolution authorizing an investigation with respect to the construction and maintenance of Federal-aid highways, including allocation of materials, equipment, and manpower; without amendment; and,

under the rule, the resolution was referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

ENROLLED BILL PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on June 25, 1943, that committee presented to the President of the United States the enrolled bill (S. 219) to equalize certain disability benefits for Army officers.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. TUNNELL:

S. 1273. A bill conferring jurisdiction upon the District Court for the district of Delaware to hear, determine, and render judgment upon certain claims of residents of St. Georges, Del.; to the Committee on Claims.

By Mr. McKELLAR:

S. 1274. A bill for the relief of Vodie Jackson; to the Committee on Claims.

By Mr. DOWNEY:

S. 1275. A bill to amend further the Civil Service Retirement Act, approved May 29, 1930, as amended; to the Committee on Civil Service.

S. 1276. A bill granting an increase of pension to Nathan Long; to the Committee on Pensions.

By Mr. THOMAS of Utah:

S. 1277. A bill to extend the benefits of the United States Employees' Compensation Act to certain persons, and for other purposes; to the Committee on Education and Labor.

AMENDMENT TO SECOND DEFICIENCY APPROPRIATION BILL

Mr. OVERTON submitted an amendment intended to be proposed by him to House bill 3030, the second deficiency appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

On page 10, after line 23, to insert the following:

"WAR DEPARTMENT—CIVIL FUNCTIONS

"CORPS OF ENGINEERS—RIVERS AND HARBORS

"For the preservation and maintenance of existing river and harbor works, and for the prosecution of projects heretofore authorized, including the objects and purposes and subject to the conditions specified under this head in the War Department Civil Appropriation Act, 1944, to be available until expended, \$7,095,000."

VIEWS OF SENATOR VANDENBERG ON SMITH-CONNALLY BILL

Mr. VANDENBERG. Mr. President, I have received numerous letters from Michigan regarding the Smith-Connally bill, which, under the pressure of time, I have been unable to answer, but I presented my view of the situation in a letter to one of my labor union friends in Michigan, which is sufficiently typical so that I should like very much to have it printed at this point in the RECORD, if I may have unanimous consent.

The VICE PRESIDENT. Is there objection?

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

MY DEAR MR. —: I greatly appreciate the open-minded spirit in which you have written me about the so-called Connally-Smith bill. I am indebted to you for your friendly candor; let me be equally frank in my reply.

In my humble opinion, the rank and file of organized labor has often been misled re-

garding this so-called antilabor bill. The bill has just one purpose, namely, to prevent interruptions in the production of war goods necessary to sustain our sons at the fighting front. Whatever may be the political consequences (to which you refer) of supporting such an objective, let the chips fall where they may. What happens to me politically is of no moment to me or to the country, but what happens to our fighting sons is of vital concern to us all.

Organized labor made a magnificent no-strike pledge after Pearl Harbor. A vast majority of organized labor has faithfully kept this pledge—to its everlasting credit. Unfortunately, however, there have been, and still are, serious crippling exceptions to this rule. The so-called antistrike bill will not affect adversely any labor union which keeps this pledge. It will affect only those who break this pledge. I confess that it seems to me those who keep their pledge should be the very first to welcome any efforts by the Government to prevent a small minority from breaking their pledge. It is no reflection on the former that we find it necessary to discipline the latter. Only a small percentage of our people ever break any of our laws, but they do not object—on the contrary, they are the chief supporters—when laws are passed to control crime. We need no laws at all to protect the great law-abiding majority. It is in their defense that they insist upon laws to curb lawbreaking minorities. In my view, the great labor-union majority will immensely benefit when the law assists in protecting it against these small minorities which, however unjustified, threaten the reputations of all organized labor.

This bill, by its own terms, expires when the war is over. It is exclusively a war measure. With great care and specific reference, it protects every collateral right of labor under the Wagner Act, the Wages and Hours Act, etc. It particularly protects every individual member of a union. The President himself has said that he objects seriously only to section 8, which, in the final analysis, guarantees to each individual member of a union the right to vote whether his plant shall be struck or not. It seems to me that is the very essence of democracy.

In my opinion, this bill is necessary to the war effort—and, if I may say so, to the long-range welfare of labor itself. In my view, it is necessary to the earliest possible victory with the least possible casualties. Frankly, I shall always put that objective ahead of all others, and I am certain that I do not offend labor's great rank and file when I do.

An unauthorized strike in Texas last week cost an oil production sufficient to carry 1,000 bombers into Germany. I do not believe that the great rank and file of labor has any remote sympathy with that sort of a contribution to the Axis. I certainly do not believe that the prevention of such a tragedy has any adverse effect upon the rights of labor unions in the United States—quite the contrary. Yes; this is an exception to the rule. The general labor record and the mass labor attitude is magnificent. But, in my humble opinion, that is all the more reason why labor itself should welcome any reasonable proposals devoted exclusively to the prevention of exceptions to the rule.

In many particulars this bill is far from satisfactory to me. But its assets—to the public welfare, to victory in this war, and to labor's own enlightened self-interest—far outweigh its liabilities, as I view it. The bill has been sustained by overwhelming majorities in both House and Senate—including the votes of many whom labor would readily identify as among its best friends. I submit that labor would do well to ponder this significant fact. In any event, if I have lost the labor vote on this account, as you suggest, I am at least at peace with my own conscience and with my sense of loyalty to our fighting sons.

I have wanted to make this complete statement to you so that you may know that I have been moved by a profound conviction in making this difficult decision.

With warm personal regards and best wishes,

Cordially and faithfully yours,

A. H. VANDENBERG.

AMERICAN NATIONALISM—ADDRESS BY SENATOR REYNOLDS

[Mr. REYNOLDS asked and obtained leave to have printed in the RECORD a radio address on the subject of American Nationalism, delivered by him on June 25, 1943, and the introductory remarks of the station announcer, which appear in the Appendix.]

TRIBUTE TO LOUIS D. BRANDEIS—ADDRESS BY SENATOR LUCAS

[Mr. HILL asked and obtained leave to have printed in the RECORD an address in tribute to the late Louis D. Brandeis, delivered by Senator Lucas before the Memorial Association of Chicago, on June 24, 1943, which appears in the Appendix.]

ADDRESS BY GOVERNOR GRISWOLD OF NEBRASKA AT GOVERNORS' CONFERENCE, COLUMBUS, OHIO.

[Mr. BALL asked and obtained leave to have printed in the RECORD the address delivered by Gov. Dwight Griswold of Nebraska at the Governors' Conference, Columbus, Ohio, June 22, 1943, which appears in the Appendix.]

TRANSPORTATION OF TROOPS, ETC.—ADDRESS BY COL. K. W. THOM

[Mr. REYNOLDS asked and obtained leave to have printed in the RECORD an address by Col. K. W. Thom, of the Port Transportation Division, New York Port of Embarkation, which appears in the Appendix.]

ADDRESS BY JOHN A. REILLY, PRESIDENT OF THE DISTRICT OF COLUMBIA BANKERS ASSOCIATION

[Mr. BRIDGES asked and obtained leave to have printed in the RECORD an address delivered by John A. Reilly, president of the District of Columbia Bankers Association, at the twenty-fifth annual meeting of the association, on June 4, 1943, which appears in the Appendix.]

OPENING OF SYNTHETIC RUBBER PLANT IN WEST VIRGINIA—ARTICLE BY ROGER WILLIAM RIIS

[Mr. KILGORE asked and obtained leave to have printed in the RECORD an article by Roger William Riis, entitled "Rubber—Its Coming at Last," published in the Reader's Digest for July 1943, which appears in the Appendix.]

INTERNATIONAL INVESTMENTS—LETTER FROM WILLIAM J. GOODWIN

[Mr. REYNOLDS asked and obtained leave to have printed in the RECORD a letter addressed to him by William J. Goodwin, of New York City, regarding international investments, which appears in the Appendix.]

THE FOUR FREEDOMS FLAG—ARTICLE BY GEORGE E. SOKOLSKY

[Mr. REYNOLDS asked and obtained leave to have printed in the RECORD an article entitled "The Four Freedoms Flag," by George E. Sokolsky, published in the New York Sun of June 21, 1943, which appears in the Appendix.]

MR. LEWIS AND CONGRESS—ARTICLE BY WALTER LIPPMANN

[Mr. MURRAY asked and obtained leave to have printed in the RECORD an article entitled "Mr. Lewis and Congress," by Walter Lippmann, from the Washington Post of Thursday, June 24, 1943, which appears in the Appendix.]

CONTINUATION OF COMMODITY CREDIT CORPORATION

The Senate resumed the consideration of the bill (S. 1108) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and to provide for an audit by the General Accounting Office of the financial transactions of the Corporation, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Missouri [Mr. CLARK], as modified, to perfect the committee amendment, inserting section 5, on which the yeas and nays have been ordered.

The Chair calls attention to the unanimous-consent order providing for a vote on the amendment as modified at not later than 1 o'clock today, and for a division of the intervening time between the proponents and opponents, to be controlled respectively by the Senator from Missouri [Mr. CLARK] and the Senator from Alabama [Mr. BANKHEAD].

Mr. CLARK of Missouri. Mr. President, I yield such time as he may desire to the Senator from Vermont [Mr. AIKEN].

The VICE PRESIDENT. The Senator from Vermont is recognized.

Mr. AIKEN. Mr. President, I am not prepared to speak at this time. I may want only 2 or 3 minutes, but I have to wait for material to come from my office. If the Senate is ready for a vote on the Clark amendment, let us proceed to vote.

Mr. CLARK of Missouri. So far as I am concerned, Mr. President, I am ready for a vote.

Mr. HILL. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Hayden	Radcliffe
Andrews	Hill	Reed
Ball	Holman	Revercomb
Bankhead	Johnson, Colo.	Reynolds
Bilbo	Kilgore	Robertson
Bone	La Follette	Russell
Brewster	Langer	Scrugham
Bridges	Lodge	Shipstead
Brooks	Lucas	Smith
Buck	McCarran	Stewart
Butler	McClellan	Thomas, Idaho
Byrd	McFarland	Thomas, Okla.
Capper	McKellar	Thomas, Utah
Caraway	McNary	Tobey
Chavez	Maloney	Truman
Clark, Mo.	Maybank	Tunnell
Downey	Mead	Tydings
Eastland	Millikin	Vandenberg
Ferguson	Moore	Van Nuys
George	Murdock	Wagner
Gerry	Murray	Walsh
Green	Nye	Wheeler
Guffey	O'Daniel	Wherry
Gurney	O'Mahoney	White
Hatch	Overton	Willis
Hawkes	Pepper	Wilson

The VICE PRESIDENT. Seventy-eight Senators have answered to their names. A quorum is present.

Mr. CLARK of Missouri. Mr. President, I desire to occupy the floor for only a moment or two.

Mr. AIKEN. Is the Senator going to address the Senate?

Mr. CLARK of Missouri. For about 2 minutes.

Mr. AIKEN. I should like about 3 minutes after the Senator shall have concluded his remarks.

Mr. CAPPER. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. CAPPER. Mr. President, I have received a letter from J. C. Mohler, secretary of the Kansas State Board of Agriculture, Topeka, Kans., in which he takes a strong stand against the subsidy and roll-back program. I regard Mr. Mohler as one of the best authorities in the West on agricultural matters. I ask that his letter be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

KANSAS STATE BOARD OF AGRICULTURE,
State House, Topeka, June 23, 1943.

HON. ARTHUR CAPPER,
United States Senate,
Washington, D. C.

DEAR SENATOR CAPPER: Perhaps there could be no more effective way to destroy democracy than to follow through the scheme of roll-back and subsidy, as inevitably it would lead to complete subjugation of the people.

The husbandmen with whom I have discussed this subject are vigorously opposed to Government subsidies as a solution of their problems, and I suspect their views pretty well reflect farm sentiment generally.

Sincerely yours,

J. C. MOHLER, Secretary.

Mr. CLARK of Missouri. Mr. President, yesterday I had occasion on this floor to question the accuracy of a statement contained in letters written by the Loan Administrator, Mr. Jesse Jones, to the Senator from Colorado, the Senator from Vermont, the Senator from Georgia, and myself, and possibly to other Senators. I took exception to the accuracy of the statement in Mr. Jones' letter that definite commitments to the extent of \$450,000,000 had been made for the payment of subsidies on meat, butter, and coffee. I did not believe that statement to be true.

Since yesterday, through the courtesy of Representative CURTIS of Nebraska, I have been furnished with a letter written by Mr. Jones just 2 days before the letter to which I have referred. The letter to Representative CURTIS completely demonstrates the inaccuracy of the letter read in the Senate Chamber yesterday, because in the letter to Representative CURTIS Mr. Jones adopted the same figure \$450,000,000, and set that down, not as a commitment on the part of the Government which the Government would be bound to pay, but as the estimated cost of the whole program for a year.

Mr. President, it seems to me that Mr. Jones has been very much less than frank in his dealings with the Congress; because it would have been just as accurate and just as fair if Mr. Jones had sent here a letter in which he said that the Government had definite commitments of \$4,500,000,000, the estimated cost of the program for the next 10 years, as it would be to say that the Government was committed to the extent of \$450,000,000, because that was the estimated cost for 1 year; for, as a matter of fact, Mr. Jones and everyone else knows that if the Congress should see fit

to adopt the pending amendment, the Government would not be obligated to the extent of the stated cost for the next year.

Mr. HILL. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. HILL. I understand that the President's directive putting the program into execution carried the figure \$450,000,000 as the amount estimated for the cost of carrying out the program for 1 year.

Mr. CLARK of Missouri. That is correct; that amount was the estimated cost of the program for 1 year. If Congress stops the program, the Government is not obligated to the expenditure of \$450,000,000.

Mr. HILL. That may be true; but I am sure that Mr. Jones in using the word "commitment" had in mind that, so far as he was concerned or so far as those who were responsible for carrying out the program were concerned, in using the figure \$450,000,000, which was the amount for the program for a year's time, certainly so far as they were concerned, in giving out the press releases and other statements, they had a commitment for a year's time.

Mr. CLARK of Missouri. Mr. President, if Congress stops the execution of the program, of course, the Government is not committed to that expenditure. What Mr. Jones was trying to convey in the letter which was laid on my desk and on the desk of the Senator from Georgia and on the desk of the Senator from Vermont and on the desk of the Senator from Colorado was that the program would cost \$450,000,000 even if the Clark amendment were agreed to; and he was trying to fight the Clark amendment in that way.

Mr. HILL. Of course, everyone knows the program would not cost \$450,000,000 if the Clark amendment were agreed to.

Mr. CLARK of Missouri. The purport of the letter is as I have stated.

Mr. HILL. But if the program were carried out under the President's program, as launched, it would cost \$450,000,000; and the President in the program set out \$450,000,000 as the cost for a year's duration.

Mr. CLARK of Missouri. If the program were carried out for 10 years, it would cost \$4,500,000,000; but that does not represent a commitment which the Government is required to pay.

I yield now to the Senator from Vermont.

Mr. AIKEN. Mr. President, before a vote is taken on any of the amendments, I should like to summarize what would be the result of the amendment proposed by the Senator from Iowa [Mr. GILLETTE] and myself.

The amendment would provide a third and a new price standard for maximum price ceilings on agricultural commodities, raw or processed, namely, the support price announced for an agricultural commodity by the Department of Agriculture.

The amendment, if agreed to, would eliminate immediately upon enactment the roll-back and subsidy program on butter and meats and the purchase-and-

sale-at-loss program on cheddar cheese. We all know that 50 percent of the butter and cheese is now required to be set aside for the use of the United States Government, anyway.

The amendment, if agreed to, would make good the Government's promise to pay subsidies on butter and meat for the period from June 1, 1943, until the amendment became law.

The amendment would permit the continuation of incentive payments or subsidies to producers for the current crop season only on, first, the canning crops, such as tomatoes, corn, peas, beans, and possibly others; second, the specialty crops, such as dried peas and beans; and, third, on potatoes, hemp, sugar, and possibly other crops.

The amendment would permit the continuation of the Government's price support program on domestic vegetable oils and fats. It would permit the continuation of the Government's existing program on the sale of wheat for feed purposes. It would permit the inauguration of a subsidy program for the purpose of increasing production or for any other purpose upon first securing the approval of Congress. It would require orderly legislative procedure in procuring and expending public funds, in lieu of a blank check.

There are some things which the amendment would not do. It would not increase prices to consumers; it would restore the prices of butter and meat to the prices which prevailed 1 week ago. The amendment would not prohibit subsidy programs, but would only require prior congressional approval.

The amendment would not prohibit the payment of subsidies to secure strategic and critical materials, such as copper, lead, and zinc.

The amendment would not prohibit the payment of subsidies for increased costs of transportation. It would not prohibit carrying out to conclusion the presently-committed legitimate subsidies for the purpose of increasing the necessary production of war-essential food products; and it would not deprive the O. P. A. of any legitimate powers which have already been delegated by Congress to that agency for the control of prices.

Mr. President, I wish to say further that yesterday the House by an almost unanimous vote—not a sufficient number of Members of the House raised their hands to obtain a record vote on the question—adopted an amendment virtually the same as the amendment I have offered on behalf of the Senator from Iowa and myself.

Mr. O'MAHONEY. Mr. President, I desire to say a few words on the pending amendment.

The VICE PRESIDENT. Is the Senator speaking in the time of the Senator from Missouri or the time of the Senator from Alabama?

Mr. BANKHEAD. Mr. President, I yield a part of my time to the Senator from Wyoming.

Mr. O'MAHONEY. Yes, Mr. President; I desire to speak in the time of the Senator from Alabama. I shall say only a few words.

In view of the fact that the House in acting on this proposed legislation has agreed to an amendment which is substantially the same as the one proposed by the Senator from Vermont and the Senator from Iowa, the adoption now of the amendment proposed by the Senator from Missouri would effectively close the door to any solution of the food problem, as I see it, in the conference. Since the Clark amendment would positively forbid the use of subsidies with respect to food, the result would be that there would be the roll-back upon the producer of food. We desire to avoid that.

All representatives of agricultural States realize how important it is that the producer of agricultural commodities shall be able to obtain the cost of production from the returns which he receives. If he cannot obtain the cost of production from the returns which come when ceilings have been fixed upon retail prices, he will be in a quite impossible position. But the will of the country is clearly supporting the war against inflation. Public opinion will support the control of retail prices. The inevitable result, therefore, of our closing the door entirely to the use of subsidies would be that the roll-back would go all the way down to the farmer, and we should thus have achieved the very thing we seek to avoid.

It is not necessary for me to add another word about the uncertainties which would be created by the Clark amendment with respect to mineral development in the West and elsewhere.

Mr. President, it is my opinion that the Clark amendment should be rejected.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Missouri [Mr. CLARK], as modified, to the committee amendment, inserting section 5. The amendment to the amendment will be stated.

The CHIEF CLERK. In lieu of the language proposed to be inserted on page 5, line 16, and extending down to and including the word "purpose" in line 10, on page 6, it is proposed to insert the following:

That on and after the date of enactment of this act no authority shall be exercised by the Price Administrator, the Federal Loan Administrator, or any other governmental agency or corporation with respect to the making of any subsidy payments under section 2 (e) of the Emergency Price Control Act of 1942, as amended, and any authority contained in such section with respect to the making of subsidy payments is hereby repealed: *Provided*, That nothing in this act shall be construed to affect in any manner the rights or interests of any person who has acted in good faith in reliance upon any regulation or order issued prior to the date of enactment of this act with respect to such subsidy payments under the authority of such section 2 (e), and to the extent necessary to protect the rights or interests of any such person in connection with transactions heretofore made or entered into such subsidy payments may be made: *Provided further*, That the Reconstruction Finance Corporation is authorized to borrow money and, through its subsidiary corporations, (a) to pay to shippers of commodities or others the increased costs of transportation resulting from the war emergency and (b) to pay subsidies relating to, or purchase for the purpose of selling at a loss, strategic and critical materials necessary to the manufacture of equipment

and munitions of war for the United States Government or any of the United Nations, and to subsidize the high cost production of minerals to increase the production thereof: *Provided further*, That in any case in which a commodity is domestically produced, the powers granted to the Reconstruction Finance Corporation by the foregoing proviso shall be exercised with respect to the importations of such commodity only to the extent that, in the judgment of the Reconstruction Finance Corporation, the domestic production of the commodity is not sufficient to satisfy the demand therefor.

The VICE PRESIDENT. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HILL. I announce that the Senator from Kentucky [Mr. BARKLEY], the Senator from Louisiana [Mr. ELLENDER], and the Senator from Virginia [Mr. GLASS] are absent from the Senate because of illness.

The junior Senator from Kentucky [Mr. CHANDLER] is absent, having been directed by the chairman of the Committee on Military Affairs as a subcommittee to visit the hospital ship which recently reached New York from Africa.

The Senator from Texas [Mr. CONNALLY] is a member of the special committee of the Senate attending a meeting of the Empire Parliamentary Association at Ottawa, Canada, and is therefore necessarily absent.

The Senator from Washington [Mr. WALLGREN] is absent on official business for the Special Committee to Investigate the National Defense Program.

The Senator from New Mexico [Mr. HATCH] is detained in one of the Government departments on matters pertaining to his State.

The Senator from North Carolina [Mr. BAILEY] and the Senator from Idaho [Mr. CLARK] are detained on important public business.

The Senator from Iowa [Mr. GILLETTE] is necessarily absent.

The Senator from South Dakota [Mr. BUSHFIELD] who would vote "yea," is paired with the Senator from Kentucky [Mr. BARKLEY], who would vote "nay."

The Senator from Idaho [Mr. CLARK], who would vote "yea," is paired with the Senator from Virginia [Mr. GLASS], who would vote "nay."

The Senator from Iowa [Mr. GILLETTE], who would vote "yea," is paired with the Senator from North Carolina [Mr. BAILEY], who would vote "nay."

The Senator from Ohio [Mr. BURTON], who would vote "yea," is paired with the Senator from Louisiana [Mr. ELLENDER], who would vote "nay."

The Senator from California [Mr. JOHNSON], who would vote "yea," is paired with the Senator from Washington [Mr. WALLGREN], who would vote "nay."

The Senator from Pennsylvania [Mr. DAVIS] is paired with the Senator from Kentucky [Mr. CHANDLER]. I am advised that if present and voting, the Senator from Kentucky would vote "nay."

The Senator from Texas [Mr. CONNALLY] has a general pair with the Senator from Vermont [Mr. AUSTIN].

Mr. McNARY. The Senator from South Dakota [Mr. BUSHFIELD], who

would vote "yea," is paired on this question with the Senator from Kentucky [Mr. BARKLEY], who would vote "nay."

The Senator from Vermont [Mr. AUSTIN] has a general pair with the Senator from Texas [Mr. CONNALLY].

The Senator from California [Mr. JOHNSON], who would vote "yea," is paired with the Senator from Washington [Mr. WALLGREN], who would vote "nay."

The Senator from Pennsylvania [Mr. DAVIS] is absent because of illness. He has a general pair with the Senator from Kentucky [Mr. CHANDLER].

The Senator from Ohio [Mr. BURTON], who would vote "yea," is paired with the Senator from Louisiana [Mr. ELLENDER], who would vote "nay."

The Senator from California [Mr. JOHNSON] is absent because of illness.

The Senator from South Dakota [Mr. BUSHFIELD] is absent on official business as a member of the Indian Affairs Committee.

The Senator from Vermont [Mr. AUSTIN] and the Senator from Ohio [Mr. BURTON] are absent as members of the special committee of the Senate attending a meeting of the Canada branch of the Empire Parliamentary Association at Ottawa, Canada.

The Senator from Wisconsin [Mr. WILEY] is absent on official business.

The Senator from Ohio [Mr. TAFT] and the Senator from New Jersey [Mr. BARBOUR] are unavoidably absent. The Senator from Ohio [Mr. TAFT] would vote "nay," if present.

The Senator from West Virginia [Mr. REVERCOMB] is unavoidably detained on departmental business.

The result was announced—yeas 39, nays 37, as follows:

YEAS—39

Alken	Gurney	Shipstead
Brewster	Hawkes	Smith
Bridges	Holman	Thomas, Idaho
Brooks	Johnson, Colo.	Thomas, Okla.
Buck	McClellan	Tobey
Butler	McKellar	Tydings
Byrd	McNary	Van Nuys
Capper	Millikin	Walsh
Clark, Mo.	Moore	Wheeler
Eastland	Nye	Wherry
Ferguson	Reed	White
George	Reynolds	Willis
Gerry	Robertson	Wilson

NAYS—37

Andrews	La Follette	Overton
Ball	Langer	Pepper
Bankhead	Lodge	Radcliffe
Bilbo	Lucas	Russell
Bone	McCarran	Scruggam
Caraway	McFarland	Stewart
Chavez	Maloney	Thomas, Utah
Downey	Maybank	Truman
Green	Mead	Tunnell
Guffey	Murdock	Vandenberg
Hayden	Murray	Wagner
Hill	O'Daniel	
Kilgore	O'Mahoney	

NOT VOTING—20

Austin	Clark, Idaho	Hatch
Bailey	Connally	Johnson, Calif.
Barbour	Danaher	Revercomb
Barkley	Davis	Taft
Burton	Ellender	Wallgren
Bushfield	Gillette	Wiley
Chandler	Glass	

So the amendment of Mr. CLARK of Missouri, as modified, to the committee amendment was agreed to.

The VICE PRESIDENT. The question now recurs on agreeing to the amendment offered by the Senator from Vermont [Mr. AIKEN] in the nature of a

substitute for the committee amendment, as amended.

Mr. TYDINGS. Mr. President, the Committee on Appropriations has been in session practically every morning and afternoon this week, and I have been attending its sessions. Therefore, what I shall say on the vote which has just been had will be for the purpose merely of making my position plain, and I shall speak for only a moment.

I am opposed to subsidies; hence I voted for the Clark amendment. However, I do not feel that that vote barring subsidies from price fixing should be construed as putting the stamp of approval upon the present ratio existing between prices and wages.

Yesterday, when Mr. Brown of the O. P. A. appeared before the Committee on Appropriations, he stated that he had full authority to fix all prices on the farm or off the farm so as to create a fair relationship between prices and wages. I expect that to be done without any subsidies of any kind or description. That was why we supported the O. P. A. law in the first place, and there is no reason why it cannot be done now. What is needed is not more legislation or more money, but more "guts" in order to give squareness to the situation on both sides of the equation.

I believe that the farmer is entitled to no more than a fair price; and if prices for meat or anything else are higher than the fair price for such commodities they ought to be cut back without any subsidy. We cannot justify the payment of an agricultural subsidy any more than we can justify the payment of a wage subsidy. We ought to stay out of the subsidy business and go into this situation fairly and squarely. Give the farmer his comparable relative relationship on the price side of the equation and labor the same relationship on the other side of the equation. I do not intend to take the responsibility, either directly or indirectly, for any variation from that program.

Insofar as the law is concerned, technically a case can be made out for giving authority for the imposition of subsidies. But when we voted for the law subsidies were conceived to be useful only for critical material which could be produced only at an economic loss. That is not the situation for which subsidies are proposed to be used in the instant case. There is no evidence that these commodities are being produced at an economic loss, and therefore the subsidy principle has no justification. I wish to see the O. P. A. roll back any price which the farmer is receiving which is more than his rightful price, just as I expect it to hold the line on the wage situation. The working man is entitled to translate on a fair basis his earnings into food, clothing, and shelter. In my opinion that has not been done. He is entitled to have it done, and if the prices of certain agricultural commodities are too high, I expect the O. P. A. to adjust them so that they will be fair to the farmer and to the working man, just as I expect wages to be fixed at a level where they will be fair to the farmer as well as to the working man.

That is the reason I cannot support this measure. I have asked for a few minutes to make my position known, so that there may be no misinterpretation of it. I do not intend to take the responsibility for failure in the price structure or wage structure when all the authority to deal with both has already been given copiously by the Congress.

Mr. GUFFEY. Mr. President, will the Senator yield.

Mr. TYDINGS. I yield if I have not given up the floor.

Mr. GUFFEY. The Senator is in favor of inflation.

Mr. TYDINGS. Mr. President, that is like a baby crying for milk. Of course, I am not in favor of inflation.

Mr. GUFFEY. Mr. President, that is the effect of the entire argument which the Senator has made.

Mr. TYDINGS. Just a minute. So long as the Senator has raised the question, let us see who is in favor of inflation. Let us consider the statement which I made. What did I say? I said that prices should be held down in relation to wages, which are being held down. I will ask the Senator if he is in favor of that.

Mr. GUFFEY. The Senator may go ahead and state his position.

Mr. TYDINGS. Mr. President, I have asked the Senator a question.

Mr. GUFFEY. Yes; I am in favor of it.

Mr. TYDINGS. Very well. Why does the Senator want to keep prices up by using the inflationary powers of the Government to keep them higher than they ought to be?

Mr. GUFFEY. The Senator's point is not proved.

Mr. TYDINGS. The point is that the Senator is in favor of inflation. He does not know it, because he has not thought about it enough, but his own words condemn him to that side of the argument.

Mr. GUFFEY. I do not agree with the Senator's statement. He is in favor of inflation, and his entire statement proves that he is in favor of inflation.

The VICE PRESIDENT. The question now recurs on agreeing to the amendment offered by the Senator from Vermont [Mr. AIKEN] in the nature of a substitute for the committee amendment, as amended.

Mr. O'MAHONEY. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. O'MAHONEY. What is the question now pending before the Senate?

The VICE PRESIDENT. The question now recurs on the so-called Aiken substitute.

Mr. O'MAHONEY. Would it be in order for me now to offer an amendment in the form of a new section to the bill?

The VICE PRESIDENT. It would be in order to offer an amendment at the end of the committee amendment.

Mr. O'MAHONEY. I said a new section of the bill, an amendment to the bill itself.

The VICE PRESIDENT. It would be in order to amend the committee amendment.

Mr. O'MAHONEY. Apparently I have not made myself clear. The committee

has offered certain amendments. I desire to offer an amendment which would not deal with any of the amendments which have been offered, but would be a new section of the bill. Would that be in order at this time?

The VICE PRESIDENT. It would now not be in order.

Mr. JOHNSON of Colorado. Mr. President, I have discovered a typographical error in the printed copy of the so-called Clark amendment which has just been agreed to by the Senate.

I ask unanimous consent to correct the error. On page 2, line 13 of the amendment, I ask to strike out "(a)" and in line 14, after the comma, to insert "(a)."

The VICE PRESIDENT. Is there objection?

Mr. McNARY. Mr. President, my attention was diverted. What is the request which has been made by the able Senator from Colorado?

The VICE PRESIDENT. The Senator from Colorado has asked unanimous consent that a typographical error in the Clark amendment be corrected.

Is there objection to the request of the Senator from Colorado? The Chair hears none, and it is so ordered. The question now recurs on the so-called Aiken substitute for the committee amendment, as amended.

Mr. AIKEN. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. MCKELLAR. Mr. President, what is the pending question?

The VICE PRESIDENT. The question is on the so-called Aiken substitute for the committee amendment as amended.

The amendment offered by Mr. AIKEN for himself and Mr. GILLETTE, to the committee amendment as amended is as follows:

On page 5, lines 16 through 25, and on page 6, lines 1 through 12, strike all of same and insert the following in lieu thereof:

"Sec. 5. No maximum price shall be established or maintained for any agricultural commodity or commodity processed or manufactured in whole or substantial part from any agricultural commodity, including milk and its products and livestock, under authority of the Emergency Price Control Act of 1942 as amended by Public Law No. 729, approved October 2, 1942, below a price which will reflect to the producers thereof in the market place, the higher of, the maximum prices provided in section 3 of Public Law No. 729, approved October 2, 1942, or the support price therefor as heretofore or hereafter announced by the Secretary of Agriculture or the War Food Administrator and which maximum price shall conform in all other respects to the provisions of section 3 of such act, as amended; nor shall any subsidy or other payments, other than those which have accrued prior to the effective date hereof, be made either directly or indirectly by the Government or any agency thereof, including any Government-owned or controlled corporation, to a producer, processor, manufacturer, or any other person engaged in the production, marketing, distribution, or handling of any such commodity either (1) for any reduction or roll-back of maximum prices so established as may have been or may hereafter be ordered, or (2) as a substitute for or in lieu of increasing maximum prices already or hereafter established, or (3) to maintain any maximum price already or hereafter established, from any funds heretofore or hereafter appropriated to, borrowed

under congressional authorization by, or in the custody or control of any governmental agency, including any Government-owned or controlled corporation, unless the Congress shall have specifically authorized the use of such funds for such purpose, except that the foregoing prohibition shall not apply until the end of the current crop season to any such commodity, other than milk and livestock and the products thereof, with respect to which the Government or any agency thereof was committed to the payment of such subsidies or other payments on June 15, 1943, or to Government-owned wheat sold for feeding purposes only if sold at not less than the parity price of corn, or to prevent such adjustments in the price supports and price ceilings on competitive domestic vegetable oils and fats as may be required to bring about or to maintain the necessary relationship in the prices of such products that is required to assure adequate production for the war effort: *Provided*, That nothing contained in this section shall be construed to prevent the payment of all or any part of the purchase price or adjusted purchase price heretofore or hereafter paid or to be paid for such commodities sold to any governmental agency for governmental use. The definition of the term 'person' in section 302 (h) of the Emergency Price Control Act of 1942 shall apply to the term 'person' as used herein."

The VICE PRESIDENT. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll, and Mr. AIKEN voted in the affirmative when his name was called.

Mr. CLARK of Missouri. Mr. President, a parliamentary inquiry. I understand that the vote now being taken is on the Aiken substitute for the committee amendment?

The VICE PRESIDENT. As amended.

Mr. CLARK of Missouri. As a substitute for the committee amendment as amended by the Clark amendment.

The VICE PRESIDENT. That is correct.

Mr. CLARK of Missouri. So that a vote in the affirmative on the Aiken amendment will be a vote to supplant the action on the Clark amendment just taken by the Senate?

The VICE PRESIDENT. No debate is in order. The clerk will proceed with the call of the roll.

The legislative clerk resumed and concluded the call of the roll.

Mr. HILL. I announce that the Senator from Kentucky [Mr. BARKLEY], the Senator from Louisiana [Mr. ELLENDER], and the Senator from Virginia [Mr. GLASS] are absent from the Senate because of illness.

The junior Senator from Kentucky [Mr. CHANDLER] is absent, having been directed by the chairman of the Committee on Military Affairs as a subcommittee to visit the hospital ship which recently reached New York from Africa.

The Senator from Texas [Mr. CONNALLY] is a member of the special committee of the Senate attending a meeting of the Empire Parliamentary Association at Ottawa, Canada, and is therefore necessarily absent.

The Senator from Washington [Mr. WALLGREN] is absent on official business for the Special Committee to Investigate the National Defense Program.

The Senator from North Carolina [Mr. BAILEY] and the Senator from Idaho

[Mr. CLARK] are detained on important public business.

The Senator from Iowa [Mr. GILLETTE] is necessarily absent.

The Senator from Georgia [Mr. GEORGE] and the Senator from New Mexico [Mr. HATCH] are detained in Government departments on matters pertaining to their respective States.

I am advised that if present and voting the Senator from Idaho [Mr. CLARK] and the Senator from Iowa [Mr. GILLETTE] would vote "yea."

The Senator from Texas [Mr. CONNALLY] has a general pair with the Senator from Vermont [Mr. AUSTIN].

I also announce that the Senator from Kentucky [Mr. CHANDLER] has a general pair with the Senator from Pennsylvania [Mr. DAVIS].

Mr. McNARY. The Senator from South Dakota [Mr. BUSHFIELD] and the Senator from California [Mr. JOHNSON] would vote "yea."

The Senator from Vermont [Mr. AUSTIN] has a general pair with the Senator from Texas [Mr. CONNALLY].

The Senator from Pennsylvania [Mr. DAVIS] has a general pair with the Senator from Kentucky [Mr. CHANDLER]. The Senator from Pennsylvania is absent because of illness. If present, he would vote "yea."

The Senator from California [Mr. JOHNSON] is absent because of illness.

The Senator from South Dakota [Mr. BUSHFIELD] is absent on official business as a member of the Indian Affairs Committee.

The Senator from Vermont [Mr. AUSTIN] and the Senator from Ohio [Mr. BURTON] are absent as members of the special committee of the Senate attending a meeting of the Canada branch of the Empire Parliamentary Association at Ottawa, Canada.

The Senator from Wisconsin [Mr. WILEY] is absent on official business.

The Senator from Ohio [Mr. TAFT] and the Senator from New Jersey [Mr. BARBOUR] are unavoidably absent.

The Senator from West Virginia [Mr. REVERCOMB] is unavoidably detained on departmental business.

The result was announced—yeas 46, nays 29, as follows:

YEAS—46

Aiken	Guffey	Radcliffe
Andrews	Hayden	Russell
Ball	Hill	Scrugham
Bankhead	Holman	Shipstead
Bilbo	La Follette	Smith
Bone	Langer	Thomas, Idaho
Brewster	Lucas	Thomas, Utah
Bridges	McCarran	Tobey
Brooks	McNary	Truman
Butler	Maloney	Tunnell
Capper	Maybank	Vandenberg
Caraway	Mead	Wagner
Chavez	Murdock	White
Downey	Nye	Willis
Eastland	Overton	
Green	Pepper	

NAYS—29

Buck	McClellan	Robertson
Byrd	McFarland	Stewart
Clark, Mo.	McKellar	Thomas, Okla.
Ferguson	Millikin	Tydings
Gerry	Moore	Van Nuys
Gurney	Murray	Walsh
Hawkes	O'Daniel	Wheeler
Johnson, Colo.	O'Mahoney	Wherry
Kilgore	Reed	Wilson
Lodge	Reynolds	

NOT VOTING—21

Austin	Clark, Idaho	Glass
Bailey	Connally	Hatch
Barbour	Danaher	Johnson, Calif.
Barkley	Davis	Revercomb
Burton	Ellender	Taft
Bushfield	George	Wallgren
Chandler	Gillette	Wiley

So Mr. AIKEN's amendment in the nature of a substitute for the committee amendment, as amended, was agreed to.

Mr. O'MAHONEY. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. O'MAHONEY. Would it be in order now to offer a substitute for the committee amendment as amended?

The VICE PRESIDENT. It would not be.

Mr. O'MAHONEY. In that case, I offer an amendment as a new section to the bill.

The VICE PRESIDENT. The first question is on the committee amendment as amended. When that has been acted upon, the Senator's amendment will be in order.

The committee amendment as amended was agreed to.

Mr. O'MAHONEY. Mr. President—

The VICE PRESIDENT. The Senator from Wyoming.

Mr. O'MAHONEY. I offer the amendment, which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. At the end of the bill it is proposed to add the following new section:

The first sentence of section 2 (e) of the Emergency Price Control Act of 1942 is hereby amended by inserting before the period at the end thereof a colon and the following: "Provided further, That the authority conferred by this subsection with respect to the buying, selling, storage, and use of commodities and the making of subsidy payments to domestic producers thereof, shall, in the case of any commodity used for food purposes, be exercised only by or under the direction of the War Food Administrator and only in such manner and upon such terms and conditions as he determines to be necessary to obtain the maximum necessary production of food in the quantities specified by the President to assure an adequate supply of food for the armed forces, for the essential civilian needs, for carrying out the purposes of the act of March 11, 1941, and for war relief purposes: *Provided further*, That no such subsidy payments shall be made unless the average price received by producers in the market place for such commodities meets the requirements of section 3 of the act approved October 2, 1942 (Public Law 729, 77th Cong.): *Provided further*, That the amount of such subsidy payments shall not exceed in the aggregate the amount recommended by the President and approved by the Congress: *Provided further*, That nothing herein shall be construed to prevent the payment by the Reconstruction Finance Corporation or any other Government agency of subsidies which have accrued prior to the date of enactment of this act."

Mr. O'MAHONEY. Mr. President, this amendment was thoroughly explained yesterday, and I do not desire to take the time of the Senate today to repeat any part of what was said then. The pending measure, in its present form, is in such shape that the conferees will have quite a task to work out a finally

acceptable bill, and I hope that the amendment will be agreed to so that it may go to conference.

Mr. HILL. Will not the Senator briefly summarize his amendment?

Mr. BANKHEAD. I think it would be well to do that, because some Senators are now in the Chamber who were not present yesterday.

Mr. O'MAHONEY. The purpose of the amendment is to transfer from the Administrator of the Office of Price Administration to the War Food Administrator all the functions which, under section 2 (e) of the Emergency Price Control Act, were vested in the Administrator of O. P. A. so far as food is concerned. It is therefore the first and only recognition of the desirability of having a Food Administrator which has been presented to the Senate for approval in the consideration of the pending bill.

The amendment authorizes the President to make recommendations to the War Food Administrator with respect to the maximum amount of food necessary to carry on the war effort, to determine how much food is necessary for the armed forces, for essential civilian needs, for the purposes of lend-lease, and for the purposes of war relief.

Representatives of the executive arm of the Government, in the Department of Agriculture and elsewhere, are doing everything in their power to outline a program for furnishing food to the occupied nations after the war shall have ended and when such nations have been recovered from the Axis. Programs are developing for sending food to our allies. It is recognized, for example, that Russia is in as great need of food as of guns. The amendment recognizes that important aspect of our war effort.

The amendment then contains a provision prohibiting the use of any subsidy payments for food "unless the average price received by producers in the market place for such commodities meets the requirements" set forth by Congress, and the Executive, when the Executive approved it, in the act of October 2, 1942. It provides for recommendations by the President and approval by the Congress, so that it preserves the power of Congress to approve all such payments.

Finally, it contains a provision that nothing in the act shall be construed to prevent the payment, by the Reconstruction Finance Corporation or any other Government agency, of subsidies which have accrued prior to the date of the approval of the act.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. JOHNSON of Colorado. I notice that the Senator uses the term "War-Food Administrator." Has this office been created by the Congress at any time?

Mr. O'MAHONEY. No; it was created by Executive order.

Mr. JOHNSON of Colorado. Could it not be annulled by another Executive order?

Mr. O'MAHONEY. It could be, of course, but this would be a statutory

recognition which I think would have the effect of preventing such annulment.

Mr. JOHNSON of Colorado. I think I am very much in favor of the Senator's amendment, but I am a little disturbed by the situation of confusion which might develop. As I recall, in the basic law creating the O. P. A. we set up a dual food control, part of it under O. P. A. and part of it under the Department of Agriculture. Why does the Senator use the War Food Administrator instead of the Secretary of Agriculture?

Mr. O'MAHONEY. Congress yesterday passed, over the veto of the President, the Connally bill. That bill contained the only statutory recognition, to date, of the War Labor Board. The War Labor Board, like the War Food Administrator, was established by Executive order, but when the Connally bill became law, as it did yesterday, recognizing the War Labor Board, in my opinion it fixed that Board, gave it a legal status and legal authority, and it could not thereafter be done away with by mere Executive order.

With respect to the War Food Administrator, the condition is exactly the same. I misunderstood the Senator's inquiry when he first stated it. I thought he was referring to the individual holding the position, but I feel that if the amendment shall be agreed to, it will be a statutory recognition of the office which cannot be changed except by statutory enactment.

Mr. JOHNSON of Colorado. If the Senator will yield further, I think a very bad practice was established in the Connally-Smith bill, so-called. In my opinion, Congress is making a very great mistake in recognizing agencies set up by Executive order instead of creating them by legislative enactment, and I do not see why it is necessary in this case to refer to the War Food Administrator when we might just as well refer to the Secretary of Agriculture.

Mr. O'MAHONEY. My reason for doing so was to bring about coordination of the steps which have already been taken by the Executive with the step I am urging the Congress to take. I think the Senator's doubt can be settled, and I modify my amendment by adding in line 2, page 2, after the word "Administrator," the words "hereby created", so that it will read, "exercised only by or under the direction of the War Food Administrator, hereby created."

Mr. HILL. Mr. President—

The PRESIDING OFFICER (Mr. MURDOCK in the chair). Does the Senator from Wyoming yield to the Senator from Alabama?

Mr. O'MAHONEY. I yield.

Mr. HILL. The Senator's amendment as printed was an amendment of section 2 (e) of the Emergency Price Control Act of 1942. Since the amendment was offered, and since it has been printed, the Senate has agreed to the Aiken amendment. I should like to have the Senator summarize for the Senate what will be the effect of his amendment if agreed to now, in view of the action of the Senate in adopting the Aiken amendment. I should like to have him

relate his amendment to the Aiken amendment, if he will.

Mr. O'MAHONEY. Mr. President, this introduces a complication which in my opinion can only be settled by the conferees. The amendment gives the conferees the opportunity to work out a constructive bill. It does not modify the Aiken amendment, because it is not offered as a substitute for the Aiken amendment.

Mr. HILL. The Senator feels that it would leave the door open for the conferees?

Mr. O'MAHONEY. I definitely feel it would.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Wyoming [Mr. O'MAHONEY] as modified. [Putting the question.] The Chair is in doubt.

On a division, the amendment as modified was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. PEPPER. Mr. President, I merely wish to say that the conferees will now have considerable latitude when they confer on the provisions of the bill, and I think it is only fair to the country and to the executive departments of the Government that the Congress unequivocally declare its attitude on the question of subsidies. If the Congress is not in favor of subsidies, if some effective plan of subsidies is not to be worked out, let us say so, and abandon the idea, and then put it right in the lap of the administrative agencies to do the things that Congress has required by its action.

If Congress wishes to take the responsibility for disturbing the whole present equilibrium in wages and prices, Congress has that right, Congress has that power; but let Congress take the responsibility before the country for doing it.

If I were in former Senator Prentiss Brown's place, I would consider the vote which the Senate has already cast as a vote against subsidies. He has already had the vote of the House. If I were in his place, I would not employ any subsidies, but I would follow along with the inevitable consequences of the policy the Congress has declared, let the consequences be what they may.

Mr. President, I am not saying which is the wiser course. I am saying only that the Congress seems to have spoken on the subject, and the administrative agencies of the Government might as well recognize that that is the will of the Congress and of the country. If I were in their place I would not dally with the hope that there is going to be any other authority or funds conferred upon them to alter the course which they will have to follow in consequence of the congressional action.

I think that in view of the action of the House and the vote of the Senate, there is no use for us to entertain any delusion about this matter, in the hope that the conferees will be able to work out anything which will preserve the subsidy principle. The sooner we get down to bedrock in this matter and decide what we really want to do, the

sooner will we make some substantial progress in the solution of the situation which is now confronting the country, because it is my personal belief that the whole thing is about to crack up. The sooner we discover whether it is or not the sooner we will find it possible to make some substantial progress toward the winning of the war.

Mr. SHIPSTEAD. Mr. President, during the discussion of the bill, much has been said about inflation. I want the RECORD to show that I do not think the bill contains any remedy for inflation. I shall vote for it because in the administration of the law as affecting the price of food, an evil has arisen which, I think, requires a remedy. I also desire to state that there has been much fluctuation in administration to add to the general confusion, which is bad for the whole psychology of the country, the morale of the country, and also for the war effort.

Mr. President, the cost of living must be hitched to the price paid to the original producer of the raw material. The price paid to the producer of the raw material must be sufficiently high to insure production. When we get it high enough to insure production, then we can fix the cost of living on that basis. Had we followed that course it is my opinion that we would have avoided all the confusion and change which have brought about a situation which inspired a letter to me from a farmer in Minnesota in which he said "There is so much bum thinking in Washington that we do not know where we are going to land." He further said, "Things are out of joint, and we do not seem to be able to get them back in joint." He also said, "There is too much back and forth, and forth and back, and so we go from nothing to nothing."

Mr. President, it is my opinion that if the bill which was passed by the Congress at the request of the President on last Labor Day had not been vetoed, we would have had something to which we could anchor with some definiteness the price of farm products. And if we could anchor the price of farm products we could have a basis upon which to calculate the cost of living with equity all down the line.

Mr. President, this is not a complete statement of my position. At a more appropriate time I shall expect to address the Senate somewhat in extenso on the subject. But I do not want the bill to be passed without making my position clear that the problem of inflation has still not been met, and it is not going to be met by the passage of this bill. As I previously said, I shall vote for it, in order to deal with an evil which has arisen by the assumption on the part of the executive departments that they have authority to do things which has not been granted to them by Congress, and the passage of this measure will compel them to come back to Congress for permission to do what they think they ought to do.

Mr. BANKHEAD. Mr. President, I assume the amendments to the bill have all been disposed of. I now move that the Senate proceed to the consideration of House bill 2869.

The PRESIDING OFFICER. The title of the House bill will be read for the information of the Senate.

The CHIEF CLERK. A bill (H. R. 2869) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Alabama.

The motion was agreed to; and the Senate proceeded to the consideration of the bill (H. R. 2869) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes.

Mr. BANKHEAD. I now move to amend the bill by striking out all after the enacting clause, and substituting in lieu thereof the text of the Senate bill, as amended.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Alabama.

The motion was agreed to.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The PRESIDING OFFICER. The question is on the third reading and passage of the bill.

The bill (H. R. 2869) was read the third time and passed.

The PRESIDING OFFICER (Mr. KILGORE in the chair). Without objection, Senate bill 1108 will be indefinitely postponed.

Mr. BANKHEAD. I move that the Senate insist upon its amendment, request a conference with the House thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. WAGNER, Mr. BANKHEAD, Mr. MALONEY, Mr. TOBEY, and Mr. TAFT conferees on the part of the Senate.

Mr. HILL subsequently said: Mr. President, I ask unanimous consent that House bill 2869, the one which was just passed, to continue the Commodity Credit Corporation, be printed with the Senate amendment, so that we may have the bill showing the amendment as the Senate passed it a short time ago.

The PRESIDING OFFICER. Without objection, it is so ordered.

APPROPRIATIONS FOR THE LABOR DEPARTMENT AND FEDERAL SECURITY AGENCY

Mr. McCARRAN. Mr. President, I move that the Senate proceed to the consideration of House bill 2935 making appropriations for the Department of Labor, the Federal Security Agency, and related independent agencies.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 2935) making appropriations for the Department of Labor, the Federal Security Agency, and related independent

agencies, for the fiscal year ending June 30, 1944, and for other purposes, which had been reported from the Committee on Appropriations with amendments.

Mr. HILL. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. JOHNSON of Colorado in the chair). The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Alken	Hayden	Radcliffe
Andrews	Hill	Reed
Ball	Holman	Revercomb
Bankhead	Johnson, Colo.	Reynolds
Bilbo	Kilgore	Robertson
Bone	La Follette	Russell
Brewster	Langer	Scrugham
Bridges	Lodge	Shipstead
Brooks	Lucas	Smith
Buck	McCarran	Stewart
Butler	McClellan	Thomas, Idaho
Byrd	McFarland	Thomas, Okla.
Capper	McKellar	Thomas, Utah
Caraway	McNary	Tobey
Chavez	Maloney	Truman
Clark, Mo.	Maybank	Tunnell
Downey	Mead	Tydings
Eastland	Millikin	Vandenberg
Ferguson	Moore	Van Nuys
George	Murdock	Wagner
Gerry	Murray	Walsh
Green	Nye	Wheeler
Guffey	O'Daniel	Wherry
Gurney	O'Mahoney	White
Hatch	Overton	Willis
Hawkes	Pepper	Wilson

The PRESIDING OFFICER. Seventy-eight Senators having answered to their names, a quorum is present.

Mr. McCARRAN. Mr. President, I ask unanimous consent that the formal reading of the bill be dispensed with, that it be read for amendment, and that the committee amendments be first considered.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McCARRAN. Mr. President, a brief explanation as set forth in the report may assist in the consideration of the bill. The bill makes appropriations for the Labor Department of the Government and for Federal security agencies for the fiscal year 1943-44. The amount of the bill as it passed the House was \$1,086,059,499. The amount of the increase by the Senate committee is \$52,963,311. The amount of the bill as reported to the Senate and now before the Senate is \$1,139,022,810.

The amount of the appropriation for the current year, that is, the amount of the appropriation made in 1942 for the current year 1942-43, was \$1,200,656,023.

The amount of the regular and supplemental estimates for 1944, that is, the amount coming from the Bureau of the Budget, was \$1,249,031,110. The bill as reported to the Senate is under the estimates for 1944 in the amount of \$110,008,300, and is under the appropriation for 1943, that is to say, it is less than the appropriation on which those agencies are now working, in the sum of \$61,633,213.

Mr. President, I now ask unanimous consent that the consideration of the bill be proceeded with.

The PRESIDING OFFICER. The clerk will proceed to state the amendments reported by the committee.

The first amendment of the Committee on Appropriations was, under the heading "Title I—Department of La-

bor—Office of the Secretary", at the top of page 4, to insert:

Salaries and expenses, Working Conditions Service, Division of Labor Standards (national defense): For salaries and expenses necessary to provide for the extension of advisory service to labor and management in national defense industries in connection with the promotion of health, safety, employment stabilization, proper working conditions, and amicable industrial relations, including items otherwise properly chargeable to the appropriations under the Department of Labor for contingent expenses, traveling expenses, and printing and binding; and reimbursement to employees at not to exceed 3 cents per mile for expenses of official travel performed in privately owned automobiles within the limits of their official stations, \$700,000.

The amendment was agreed to.

The next amendment was, under the subhead "Children's Bureau", on page 7, line 24, after the word "Act", to strike out "\$200,000", and insert "\$253,000."

The amendment was agreed to.

The next amendment was, under the subhead "Maternal and Child Welfare", on page 8, line 9, after the word "periodicals", to strike out "\$350,000" and insert "\$378,000"; and in the same line, after the item just above stated, to strike out the colon and the following:

"Provided, That no part of any appropriation contained in this title shall be used to promulgate or carry out any instruction, order, or regulation relating to the care of obstetrical cases which discriminates between persons licensed under State law to practice obstetrics."

The amendment was agreed to.

The next amendment was, on page 9, line 22, after the name "Children's Bureau", to strike out "\$4,000,000", and insert "\$4,800,000."

The amendment was agreed to.

The next amendment was, under the heading "Title II—Federal Security Agency—Food and Drug Administration", on page 16, line 5, after the word "periodicals", to strike out "\$2,200,000" and insert "\$2,323,580."

The amendment was agreed to.

The next amendment was, on page 16, line 25, after the name "District of Columbia", to strike out "\$90,000" and insert "\$94,400."

The amendment was agreed to.

The next amendment was, under the subhead "Howard University", on page 18, line 25, after the word "funds", to strike out "\$591,240" and insert "\$597,840."

The amendment was agreed to.

The next amendment was, under the subhead "Office of Education", on page 20, line 21, after the word "students", to strike out "whose technical or professional education can be completed in 1 year" and insert "who received loans during the fiscal year 1943."

The amendment was agreed to.

Mr. McNARY. Mr. President, I find I have some difficulty in keeping up with the alacrity of the very able clerk of the Senate. On page 20, in line 21, as I understand, certain of the language has been deleted and new language has been inserted. I could not understand in a moment the reason therefor.

78TH CONGRESS
1ST SESSION

H. R. 2869

IN THE SENATE OF THE UNITED STATES

JUNE 26 (legislative day, MAY 24), 1943

Ordered to be printed with the amendment of the Senate

AN ACT

To continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 4 of the Act approved March 8, 1938 (52 Stat.
4 107), as amended, is hereby amended by deleting from the
5 first sentence thereof the term "31st of March" where that
6 term first appears therein and substituting in lieu thereof the
7 term "30th of June", and by deleting from the second sen-
8 tence thereof "on the basis of the cost, including not more
9 than one year of carrying charges, of such assets to the
10 Corporation, or the average market prices of such assets for

1 a period of twelve months ending with March 31 of each
2 year, whichever is less", and inserting in lieu thereof "on
3 the basis of the cost, or insofar as practicable, the average
4 market price of such assets during the last month of the
5 fiscal year covered by the appraisal, whichever is the lower".
6 Only one appraisal of the assets and liabilities of the Corpo-
7 ration shall be made during the calendar year 1943 which
8 shall be on the basis established by this amendment.

9 SEC. 2. Section 4 of the Act approved March 8, 1938
10 (52 Stat. 108), as amended, is hereby amended by deleting
11 the term "\$2,650,000,000" and inserting in lieu thereof the
12 term "\$3,150,000,000;"

13 SEC. 3. The first sentence of section 7 of the Act ap-
14 proved January 31, 1935 (Public, Numbered 1, Seventy-
15 fourth Congress; 49 Stat. 4), is amended by striking out
16 "June 30, 1943" and inserting in lieu thereof "June 30,
17 1945".

18 SEC. 4. The Federal Reserve banks are hereby author-
19 ized to act as depositaries, custodians, and fiscal agents for
20 the Commodity Credit Corporation.

21 SEC. 5. Subsection 22 (g) of the Federal Reserve Act,
22 as amended (12 U. S. C. 375a), is hereby amended by add-
23 ing at the end thereof the following: "This subsection shall
24 not apply to loans which the Commodity Credit Corporation
25 has agreed to take over or purchase".

1 SEC. 6. In order to prevent the funds of the Commodity
2 Credit Corporation or any other Government agency from
3 being used for the payment of subsidies, no subsidies or other
4 payments, other than those which have accrued prior to the
5 effective date hereof, including the commitments heretofore
6 made for the production and processing of canned vegetables
7 for the crop season for the year 1943, shall be made either
8 directly or indirectly by the Government or any agency
9 thereof, including any Government-owned or Government-
10 controlled corporation, to a producer, processor, manufac-
11 turer, or to any other person engaged in the production,
12 marketing, distribution, or handling of any agricultural com-
13 modity, including milk and livestock and the products thereof,
14 or commodities processed in whole or in substantial part from
15 agricultural commodities either ~~(1)~~ for any reduction or
16 roll-back of maximum prices or support prices that have been
17 or may hereafter be ordered, or ~~(2)~~ as a substitute for or
18 in lieu of increasing maximum prices or support prices
19 already or hereafter established, or ~~(3)~~ to maintain any
20 maximum price already or hereafter established, from any
21 funds heretofore or hereafter appropriated to, borrowed under
22 Congressional authorization by, or in custody or control of
23 any governmental agency, including any Government-owned
24 or Government-controlled corporation, unless the Congress
25 shall have specifically authorized the use of such funds for

1 such purpose: *Provided*, That nothing in the foregoing pro-
2 visions shall be construed to prevent the selling of wheat for
3 feeding purposes, if sold at not less than the parity price of
4 corn nor to prevent such adjustments in the maximum or
5 support prices on competitive domestic vegetable oils and
6 fats and oil seed as may be necessary to bring about or to
7 maintain adequate production for the war effort; nor shall
8 any maximum price for any such commodity be established
9 or maintained for any such agricultural commodity, including
10 milk and livestock and the products thereof, or commodities
11 processed in whole or in substantial part from agricultural
12 commodities, below a price which will reflect to the producers
13 thereof, in the market place a price below the support price
14 therefor nor a price below the higher of the maximum prices
15 provided in section 3 of Public Law Numbered 729, approved
16 October 2, 1942.

17 SEC. 7. Such increases shall be made in maximum
18 prices established under the Emergency Price Control Act
19 of 1942, approved January 30, 1942 (Public Law Numbered
20 421, Seventy-seventh Congress), and an Act to amend the
21 Emergency Price Control Act of 1942 to aid in preventing
22 inflation and for other purposes, approved October 2, 1942
23 (Public Law Numbered 729, Seventy-seventh Congress),
24 for any agricultural commodity and for commodities processed
25 or manufactured in whole or substantial part from any agri-

1 cultural commodity, including milk and livestock and the
2 products thereof, as the War Food Administrator determines
3 are necessary to secure an adequate production of such
4 commodity for war purposes.

5 SEC. 8. Full reimbursement shall be made to the Com-
6 modity Credit Corporation for services performed, losses sus-
7 tained, operating costs incurred, or commodities purchased or
8 delivered to or on behalf of the Lend-Lease Administration,
9 the Army or Navy, the Board of Economic Warfare, the
10 Reconstruction Finance Corporation, or any other Govern-
11 ment agency, from the appropriate funds of these agencies.

12 *That section 1 of the Act approved March 8, 1938 (52 Stat.*
13 *107), as amended, is hereby amended by deleting from the*
14 *first sentence thereof the term "31st of March" where that*
15 *term first appears therein and substituting in lieu thereof the*
16 *term "30th of June", and by deleting from the second*
17 *sentence thereof "on the basis of the cost, including not more*
18 *than one year of carrying charges, of such assets to the*
19 *Corporation, or the average market prices of such assets for*
20 *a period of twelve months ending with March 31 of each year,*
21 *whichever is less," and inserting in lieu thereof "on the basis*
22 *of the cost, or insofar as practicable, the average market price*
23 *of such assets during the last month of the fiscal year covered*
24 *by the appraisal, whichever is the lower."* Only one appraisal
25 of the assets and liabilities of the Commodity Credit Corpo-

1 *ration shall be made during the calendar year 1943 which*
2 *shall be on the basis established by this amendment.*

3 *SEC. 2. Section 4 of the Act approved March 8, 1938*
4 *(52 Stat. 108), as amended, is hereby amended by deleting*
5 *the term "\$2,650,000,000" and inserting in lieu thereof the*
6 *term "\$3,650,000,000".*

7 *SEC. 3. Section 7 of the Act approved January 31, 1935*
8 *(49 Stat. 4), as amended, is hereby amended by changing*
9 *the designation thereof to section 7 (a) and by deleting from*
10 *the first sentence thereof the term "June 30, 1943" and by*
11 *inserting in lieu thereof "June 30, 1945"; and is further*
12 *hereby amended by striking out the period at the end of the*
13 *section and inserting in lieu thereof a comma and the follow-*
14 *ing: "without regard to provisions of any other existing law*
15 *relating to public funds: Provided, however, That the Cor-*
16 *poration shall at all times maintain complete and accurate*
17 *books of account and shall determine the procedures to be*
18 *followed in the transaction of the corporate business.*

19 *"(b) The financial transactions of the Corporation begin-*
20 *ning with the period from July 1, 1943, shall be audited by*
21 *the General Accounting Office in accordance with the princi-*
22 *ples applicable to commercial corporate transactions and under*
23 *such rules and regulations as may be prescribed by the Comp-*
24 *troller General of the United States: Provided, That the*
25 *Corporation shall continue to have the authority to make*

1 final and conclusive settlement and adjustment of any claims
2 by or against the Corporation or the accounts of its fiscal
3 officers: Provided further, That a report of such audit shall
4 be made to the Congress, together with such recommenda-
5 tions as the Comptroller General may deem advisable, and
6 that each such report shall cover a period of one fiscal year
7 and shall not be made until the Corporation and the Secretary
8 of Agriculture shall have had a reasonable opportunity, not to
9 exceed ninety days, to examine the report, point out errors
10 therein, explain or answer the same, and file a statement
11 which shall be submitted by the Comptroller General with
12 his report: Provided further, That a copy of each such report
13 shall be furnished the Secretary of the Treasury and that the
14 findings contained therein shall be considered by the Secre-
15 tary in appraising the assets and liabilities and determining
16 the net worth of the Corporation under sections 1 and 2 of the
17 Act of March 8, 1938 (52 Stat. 107), as amended: Pro-
18 vided, however, That nothing in this section shall be con-
19 strued as modifying legislation authorizing the use of funds
20 of the Corporation for administrative expenses and requiring
21 accountability therefor.

22 “(c) The expenses of the audit as provided in this section
23 may be paid up to and including June 30, 1945, from moneys
24 advanced therefor by the Corporation, or from any appro-
25 priation or appropriations for the General Accounting Office,

1 and appropriations so used shall be reimbursed promptly by
2 the Corporation as billed by the Comptroller General: Pro-
3 vided, That any such advances or reimbursements shall be
4 considered as nonadministrative expenses of the Corporation.
5 For the purpose of such audit the representatives of the Gen-
6 eral Accounting Office shall have access to all papers, books,
7 files, accounts, financial records, warehouses, and all other
8 things, property and places belonging to or under the control
9 of or used or employed by the Corporation and shall be
10 afforded full facilities for verifying transactions with and
11 balances in depositaries and with fiscal agents: Provided fur-
12 ther, That the certified financial reports and schedules of the
13 fiscal agents of the Corporation based on commercial audits
14 in the usual course of business may be accepted by the
15 General Accounting Office in its audit of the financial trans-
16 actions of the Corporation as final and not subject to further
17 audit verification.

18 “(d) Any examination of the corporate records shall
19 be made at the place or places where such records are nor-
20 mally kept in the transaction of the corporate business, and
21 the Corporation shall retain custody of contracts, vouchers,
22 schedules, or other financial or accounting documents,
23 either original or duplicate, relating to its nonadministrative
24 transactions.”

25 SEC. 4. The Federal Reserve banks are hereby author-

1 *ized to act as depositaries, custodians, and fiscal agents for*
2 *the Commodity Credit Corporation.*

3 *SEC. 5. No maximum price shall be established or main-*
4 *tained for any agricultural commodity or commodity proc-*
5 *essed or manufactured in whole or substantial part from any*
6 *agricultural commodity, including milk and its products and*
7 *livestock, under authority of the Emergency Price Control*
8 *Act of 1942 as amended by Public Law Numbered 729,*
9 *approved October 2, 1942, below a price which will reflect*
10 *to the producers thereof in the market place, the higher of,*
11 *the maximum prices provided in section 3 of Public Law*
12 *Numbered 729, approved October 2, 1942, or the support*
13 *price therefor as heretofore or hereafter announced by the*
14 *Secretary of Agriculture or the War Food Administrator and*
15 *which maximum price shall conform in all other respects to*
16 *the provisions of section 3 of such Act, as amended; nor*
17 *shall any subsidy or other payments, other than those which*
18 *have accrued prior to the effective date hereof, be made either*
19 *directly or indirectly by the Government or any agency*
20 *thereof, including any Government-owned or controlled corpo-*
21 *ration, to a producer, processor, manufacturer, or any other*
22 *person engaged in the production, marketing, distribution, or*
23 *handling of any such commodity either (1) for any reduction*
24 *or roll-back of maximum prices so established as may have*
25 *been or may hereafter be ordered, or (2) as a substitute for*

1 or in lieu of increasing maximum prices already or hereafter
2 established, or (3) to maintain any maximum price already
3 or hereafter established, from any funds heretofore or here-
4 after appropriated to, borrowed under congressional authori-
5 zation by, or in the custody or control of any governmental
6 agency, including any Government-owned or controlled cor-
7 poration, unless the Congress shall have specifically author-
8 ized the use of such funds for such purpose, except that the
9 foregoing prohibition shall not apply until the end of the
10 current crop season to any such commodity, other than milk
11 and livestock and the products thereof, with respect to which
12 the Government or any agency thereof was committed to
13 the payment of such subsidies or other payments on June 15,
14 1943, or to Government-owned wheat sold for feeding pur-
15 poses only if sold at not less than the parity price of corn,
16 or to prevent such adjustments in the price supports and
17 price ceilings on competitive domestic vegetable oils and
18 fats as may be required to bring about or to maintain the
19 necessary relationship in the prices of such products that is
20 required to assure adequate production for the war effort:
21 Provided, That nothing contained in this section shall be
22 construed to prevent the payment of all or any part of the
23 purchase price or adjusted purchase price heretofore or here-
24 after paid or to be paid for such commodities sold to any
25 governmental agency for governmental use. The definition

1 of the term "person" in section 302 (h) of the Emergency
2 Price Control Act of 1942, shall apply to the term "person"
3 as used herein.

4 SEC. 6. The first sentence of section 2 (e) of the Emer-
5 gency Price Control Act of 1942 is hereby amended by in-
6 serting before the period at the end thereof a colon and the
7 following: "Provided further, That the authority conferred
8 by this subsection with respect to the buying, selling, storage,
9 and use of commodities and the making of subsidy payments
10 to domestic producers thereof, shall, in the case of any com-
11 modity used for food purposes, be exercised only by or under
12 the direction of the War Food Administrator hereby created
13 and only in such manner and upon such terms and conditions
14 as he determines to be necessary to obtain the maximum neces-
15 sary production of food in the quantities specified by the
16 President to assure an adequate supply of food for the armed
17 forces, for the essential civilian needs, for carrying out the
18 purposes of the Act of March 11, 1941, and for war relief
19 purposes: Provided further, That no such subsidy payments
20 shall be made unless the average price received by producers
21 in the market place for such commodities meets the require-
22 ments of section 3 of the Act approved October 2, 1942 (Pub-
23 lic Law 729, Seventy-seventh Congress): Provided further,
24 That the amount of such subsidy payments shall not exceed
25 in the aggregate the amount recommended by the President

1 *and approved by the Congress: Provided further, That*
2 *nothing herein shall be construed to prevent the payment by*
3 *the Reconstruction Finance Corporation or any other Gov-*
4 *ernment agency of subsidies which have accrued prior to the*
5 *date of enactment of this Act."*

Passed the House of Representatives June 25, 1943.

Attest:

SOUTH TRIMBLE,

Clerk.

Passed the Senate with an amendment June 26 (legis-
lative day, May 24), 1943.

Attest:

EDWIN A. HALSEY,

Secretary.

78TH CONGRESS
1ST SESSION

H. R. 2869

AN ACT

To continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 26 (legislative day, May 24), 1943

Ordered to be printed with the amendment of the
Senate

DIGEST OF PROCEEDINGS OF CONGRESS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE
(Issued June 29, 1943, for actions of Monday, June 28, 1943)

(For staff of the Department only)

Contents

A. A. A.	32	Food distribution.....	4, 18	Penny-milk program.....	4
Agricultural appropria-		Food for Europe.....	28	Petroleum.....	10, 19
tion bill (individual		Food processing.....	4	Post-war planning....	34, 39
items not indexed).....	1	Food production....	4, 13, 18	Price control.....	8, 14, 20
Appropriations.....	1, 2, 3, 4		26, 40		31, 38, 43
.....	24, 47, 48, 49	Forestry.....	5, 42	Property requisition....	16
Banking and currency....	39	Housing.....	30	Research.....	6
Bureaucracy.....	44	Independent Offices Ap-		Selective service....	12, 36
Child care.....	11	propriation Act.....	48	State, Justice, Commerce	
Civilian defense.....	22	Inflation.....	38	appropriation bill.....	24
Commodity Credit.....	7	Labor-Federal Security		Subsidies.....	14, 20, 31, 43
D. C. appropriation bill.	4	appropriation bill.....	3	Trade marks.....	25
Dairy industry.....	8	Lands, public.....	35	Transportation.....	10
Disposition of records..	27	Legislative-Judiciary		Urgent deficiency appro-	
Emergency fund.....	2	Appropriation Act.....	49	priation bill.....	2
Flood control.....	9	Livestock... 15, 17, 21, 26,	40	Victory gardens.....	4
Food administration.....	18	Loans, farm.....	33, 46	Vocational rehabilitation.	
.....	37, 41	National Resources Plan-			23
Food conference.....	18	ning Board.....	45	War relocation.....	29
Food conservation.....	4, 17	Naval Appropriation Act	47		

SENATE

1. Agricultural appropriation bill. Both Houses received a further conference report on this bill, H. R. 2481 (pp. 6709-11, 6764-65), and the Senate agreed to the report (p. 6765). The report inserts a clarifying amendment to the post-July 1 obligations provision, making sure that it applies to the entire Act; strikes out the amendment authorizing parity-payment commitments, etc.; accepts the House figure of \$20,000,000 (Senate, \$30,000,000) for rural-electrification loans; accepts the Senate figure of \$464,115 (House, \$400,000) for Warehouse Act; agrees to the proposed House amendments to loans, grants, and rural rehabilitation and farm-tenancy loans (reducing the amounts and inserting restrictions - see Digest 117) with amendments to the l-g-r item modifying the prohibition against loans not previously rejected by other agencies, permitting obligations faster than the usual rate for the first 4 months, and prohibiting civil-service status for employees under this item, and with an amendment to the t-p item providing for at least 5 loans in each State or Territory; and reports in disagreement the conservation-and-use and crop-insurance amendments.

After agreeing to the report, the Senate further insisted upon the amendments in disagreement, as follows: Permitting use of the conservation-and-use item for programs under both the Soil Conservation and Domestic Allotment Act and the Agricultural Adjustment Act of 1938 (by a 68-2 vote), striking out the prohibition against making incentive payments from this bill's items, permitting use of next year's conservation-and-use appropriation for programs under both the SCDA Act and the AAAct of 1938, increasing crop insurance from \$3,500,000 to \$7,818,748, and striking out the prohibition against future crop-insurance

contracts (by a 49-10 vote on the crop-insurance amendments) (pp. 6765-69).
Sens. Russell, Hayden, Tydings, Bankhead, Smith, Nye, and McNary were appointed conferees for a further conference (pp. 6768-69).

2. Urgent deficiency appropriation bill. Both Houses received a further conference report on this bill, H. R. 2714 (pp. 6710-11, 6770). The report strikes out all limitations on use of the President's emergency fund and compromises the prohibition against payments of salaries to 3 employees by prohibiting payment of their salaries after Nov. 15 unless, prior to that date, they have been appointed by the President by and with the advice and consent of the Senate.
3. Labor-Federal Security appropriation bill. Continued debate on this bill, H. R. 2935 (pp. 6718-63). Agreed, 41-37, to the Truman amendment to appropriate \$35,000,000 and balances to NYA (pp. 6760-61).
4. D. C. appropriation bill. Both Houses agreed to the conference report on this bill and acted on amendments in disagreement. The House agreed to the Senate amendment providing \$75,000 to carry out a penny-milk program, in cooperation with this Department, and for a food-conservation program, including supervision of Victory gardens and canning. (pp. 6691-94, 6769) This bill will now be sent to the President.
5. Forestry. Agriculture and Forestry Committee reported with amendments S. 45, to increase the annual appropriation authorization for cooperative forest-fire protection on private and State-owned lands (S. Rept. 362) (p. 6714).
6. Research. Both Houses appointed conferees on H. R. 647, to provide for a George Washington Carver National Monument (pp. 6694, 6769).
7. Commodity Credit. Sen. Tobey, N. H., resigned as conferee on H. R. 2869, to increase CCC's borrowing power, continue it as a U. S. agency, etc., and Sen. Butler, Nebr., was appointed his successor (pp. 6713-14).
8. Dairy industry; price control. Received from the Wis. Legislature a resolution requesting Congress to investigate OPA's maximum price regulation for cheese (p. 6714).
9. Flood control. Commerce Committee reported with amendments S. 1134, to amend Sec. 5 of the Flood Control Act of 1941 (S. Rept. 360) (p. 6714).
10. Transportation; petroleum. Interstate Commerce Committee reported without amendment H. R. 2520, to amend the act to facilitate the construction, extension, or completion of interstate petroleum pipe lines related to national defense (S. Rept. 361) (p. 6714).
11. Child care. Education and Labor Committee reported without amendment S. 1130, to provide for care of children of mothers employed in war areas in the U. S. (S. Rept. 363) (p. 6714).
12. Selective service. Sen. Lodge, Mass., inserted his proposed amendment to his bill, S. 1131, to provide for an increase of 15% in the Government contribution to the dependents of enlisted men. To Military Affairs Committee. (pp. 6715-16)
13. Food production. H. Con. Res. 12, stating it as the sense of Congress that adequate supplies of food, feed, and fiber are as essential as munitions; that

Senate

MONDAY, JUNE 28, 1943

(Legislative day of Monday, May 24, 1943)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

Our Father God, conscious of the faults and failures which mar and stain the past, we are grateful that each new week brings us to the land of beginning again. Troubled by the record of remembered yesterdays when, under the pressure of these momentous times, we fell short of our best, we are beckoned to better things by the assurance of the angel of the dawn, "Each night I burn the records of the day; each sunrise every soul is born again." And while there comes to us a solemn realization that we cannot cancel a line of the books that are closed, we are grateful for a new week and a new day, because they are Thy gifts, bringing new vigor, new hopes, new opportunities to be strong and kind, patient and understanding, faithful and true.

Help us to command this new day, meeting its joys with praise, its difficulties with fortitude, its doubts with fidelity. Direct our steps, guard us from error, deliver us from all evil; help us to sit where others sit, seeing life's tangled skein through the eyes of those less fortunate than ourselves. So make us faithful ministers of this stricken generation. We ask it in the dear Redeemer's name. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the calendar day Saturday, June 26, 1943, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. HILL. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Alken	George	Mead
Andrews	Gerry	Millikin
Ball	Green	Moore
Bankhead	Guffey	Murdock
Barkley	Gurney	Murray
Bilbo	Hatch	Nye
Bone	Hawkes	O'Daniel
Brewster	Hayden	O'Mahoney
Bridges	Hill	Overton
Brooks	Holman	Pepper
Buck	Johnson, Colo.	Radcliffe
Butler	Kilgore	Reed
Byrd	La Follette	Revercomb
Capper	Langer	Reynolds
Caraway	Lodge	Robertson
Chandler	Lucas	Russell
Chavez	McCarran	Scruggam
Clark, Mo.	McClellan	Shipstead
Danaher	McFarland	Smith
Davis	McKellar	Stewart
Downey	McNary	Taft
Eastland	Maloney	Thomas, Okla.
Ferguson	Maybank	Thomas, Utah

Truman	Van Nuys	Wherry
Tunnell	Wagner	White
Tydings	Wallgren	Willis
Vandenberg	Wheeler	Wilson

Mr. HILL. I announce that the Senator from Louisiana [Mr. ELLENDER] and the Senator from Virginia [Mr. GLASS] are absent from the Senate because of illness.

The Senator from Massachusetts [Mr. WALSH] is absent attending the funeral of his brother.

The Senator from Iowa [Mr. GILLETTE] is necessarily absent.

The Senator from North Carolina [Mr. BAILEY] and the Senator from Idaho [Mr. CLARK] are detained on important public business.

The Senator from Texas [Mr. CONNALLY] is a member of the special committee of the Senate attending a meeting of the Empire Parliamentary Association at Ottawa, Canada, and is, therefore, necessarily absent.

Mr. McNARY. The Senator from Vermont [Mr. AUSTIN] and the Senator from Ohio [Mr. BURTON] are absent as members of the special committee of the Senate attending a meeting of the Canada branch of the Empire Parliamentary Association at Ottawa, Canada.

The Senator from New Jersey [Mr. BARBOUR] is unavoidably absent.

The Senator from South Dakota [Mr. BUSHFIELD] is absent on official business as a member of the Indian Affairs Committee.

The Senator from California [Mr. JOHNSON] is absent because of illness.

The Senator from New Hampshire [Mr. TOBEY] and the Senator from Wisconsin [Mr. WILEY] are absent on official business.

The Senator from Idaho [Mr. THOMAS] is necessarily absent.

The VICE PRESIDENT. Eighty-one Senators have answered to their names. A quorum is present.

RETURN OF SENATOR BARKLEY

Mr. VANDENBERG. Mr. President, in a purely personal way I want to give myself the privilege of expressing a welcome back to the Senate to the distinguished majority leader, who rejoins us this morning in full health and vigor. He has been ably represented in his absence by the distinguished Senator from Alabama [Mr. HILL], who, however, I am sure will join in my expression of happiness that the old master himself has returned.

Mr. HILL. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. HILL. I wholeheartedly join the distinguished Senator from Michigan in that sentiment.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. BARKLEY. Would the Senator mind striking out the word "old"? [Laughter.]

Mr. VANDENBERG. Mr. President, I think the word "old" disappears of its own weakness in the physical presence of the Senator in his new youth.

I have wanted to say for some time that for many critical years the distinguished Senator from Kentucky has served his thankless task in this body with as fine a spirit, as broad a tolerance, and as tireless a devotion as could possibly be brought to his difficult assignment. It is no cinch to ride herd on Democrats. [Laughter.] I have often regretted that such talent could not be enlisted in a worthier cause, but I have never failed to appreciate his fine public service at the hottest spot in the Capitol, and I would not have wanted this morning to pass without this expression of welcome upon his return.

Mr. BARKLEY. Mr. President, may I express just a word of appreciation of the very cordial greeting accorded me by the Senator from Michigan, and also other Senators who have privately expressed their welcome.

I might say that I did not want to go away in the first place, but since I did go, and the Senate, with some few exceptions, acted so wisely in my absence as it did, I began to fear that Senators had gotten along so well without me they would not want me to return at all. But I have had a very delightful rest. I have boiled out all impurities, preserving only the pure silver, whatever that may be. I have deliberately worn off a quarter of a hundred pounds, which I hope I may keep off in spite of the bean soup which is served in the Senate restaurant.

I am glad to be back, and I hope that within a week all my colleagues may take a longer recess than I have been able to have in the last month.

I want also to thank the Senator from Alabama for the very splendid way in which he has carried on the work to which I am assigned, and to express my appreciation of the skill and ability with which he has done it, and also for the cooperation which has been given to him by Members of the Senate on both sides.

COMMODITY CREDIT CORPORATION— SUBSTITUTION OF CONFERE

Mr. BANKHEAD. Mr. President, the Senator from New Hampshire [Mr. TOBEY], who was appointed as one of the conferees on the part of the Senate on House bill 2869, dealing with the Commodity Credit Corporation, will be unable to act, and has tendered his resignation in order that the Chair may appoint a successor. I request that his

resignation be accepted and that the Chair appoint his successor.

The VICE PRESIDENT. Without objection, the resignation of the Senator from New Hampshire is accepted, and in his place the Chair appoints the senior Senator from Nebraska [Mr. BUTLER] as conferee on the part of the Senate.

EXECUTIVE COMMUNICATION

The VICE PRESIDENT laid before the Senate the following communication, which was referred as indicated:

CLAIM ALLOWED BY GENERAL ACCOUNTING OFFICE—TRAVEL, PAY AND ALLOWANCE, VOLUNTEERS, WAR WITH SPAIN IN THE PHILIPPINES (S. Doc. No. 85)

A communication from the President of the United States, transmitting, pursuant to law, an estimate of appropriation amounting to \$115.68, for payment of a claim allowed by the General Accounting Office under a certificate of settlement (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the VICE PRESIDENT:

A resolution of the Pennsylvania Aeronautics Commission, Department of Commerce, Commonwealth of Pennsylvania, requesting that no action be taken on House bill 1012 and Senate bill 246, affecting air commerce, or similar proposed legislation until the present war is over and peace is established; to the Committee on Commerce.

By Mr. CAPPER:

A petition, numerous signed, of sundry citizens of the State of Kansas, praying for the enactment of Senate bill 860, relating to the sale of alcoholic liquors to the members of the land and naval forces of the United States; to the Committee on Military Affairs.

By Mr. LA FOLLETTE:

A joint resolution of the Wisconsin Legislature; to the Committee on Banking and Currency:

"Assembly Joint Resolution 47

"Joint resolution requesting the United States Senators and Representatives in Congress from Wisconsin to investigate Office of Price Administration Maximum Price Regulation No. 289 relating to cheese

"Whereas on December 24, 1942, the Office of Price Administration issued and promulgated Maximum Price Regulation No. 289, the effect of which has been:

"1. The establishment of maximum prices for the various sizes of cheese produced without consideration for the increased cost of producing the smaller styles of cheese;

"2. The establishment of maximum prices for cheese on a moisture-content basis which permits the sale of cheese with low moisture content only to the Government or for processing;

"3. The establishment of maximum prices for cheese delivered outside of Wisconsin on a basis of the maximum prices for such cheese sold in Wisconsin plus freight from Plymouth;

"4. The establishment of maximum prices for cheese on a moisture-content basis without consideration of the trade practice of reading moisture tests in 'tenths' and adjusting the same to the nearest point or half-point; and

"Whereas all efforts of the state department of agriculture and the several cheesemakers' associations of the State, immediately recognizing in such order the difficulties and inequalities confronting those engaged in the cheese industry in Wisconsin, sought the revision of the order to the end that cheese

makers in Wisconsin would not be penalized because of location, that manufacturers of the smaller sizes of cheese would be able to receive prices fairly based on cost of production, that low-moisture cheese might be sold for aging, and that there would be less interference with the attempts of the industry to increase production; and

"Whereas the Office of Price Administration did establish and promulgate Maximum Price Regulation No. 289 without consultation with either the persons engaged in the cheese industry or the State department of agriculture in Wisconsin, the State which produces more than 50 percent of the cheese manufactured in the Nation: Now, therefore, be it

"Resolved by the assembly (the senate concurring), That the United States Senators and the Representatives in Congress from Wisconsin and from other surplus-cheese-producing States, be requested to investigate the origin and supporting data of Maximum Price Regulation No. 289 issued by the Office of Price Administration, and to investigate further the possibility of the revision of such order for the protection of the cheese industry in Wisconsin; and that they report their findings to the Wisconsin Legislature; be it further

"Resolved, That properly attested copies of this resolution be sent to the two Senators and each Representative in Congress from Wisconsin."

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. OVERTON, from the Committee on Commerce:

S. 1134. A bill to amend section 5 of the Flood Control Act, approved August 18, 1941; with amendments (Rept. No. 360).

By Mr. WHEELER, from the Committee on Interstate Commerce:

H. R. 2520. A bill to amend the act entitled "An act to facilitate the construction, extension, or completion of interstate petroleum pipe lines related to national defense, and to promote interstate commerce," approved July 30, 1941; without amendment (Rept. No. 361).

By Mr. McNARY, from the Committee on Agriculture and Forestry:

S. 45. A bill to further amend section 3 of Public Law No. 270, approved June 7, 1924, providing for forest perpetuation and extension, by increasing the annual authorization therefor and extending aid in combating tree insects and diseases; with amendments (Rept. No. 362).

By Mr. THOMAS of Utah, from the Committee on Education and Labor:

S. 1130. A bill to provide for care of children of mothers employed in war areas in the United States, and for other purposes; without amendment (Rept. No. 363).

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

The following favorable reports of nominations were submitted:

By Mr. VAN NUYS, from the Committee on the Judiciary:

Joseph T. Votava, of Nebraska, to be United States attorney for the district of Nebraska; Horace Frierson, of Tennessee, to be United States attorney for the middle district of Tennessee;

George E. Proudfit, of Nebraska, to be United States marshal for the district of Nebraska; and

Reuben Gosnell, of South Carolina, to be United States marshal for the western district of South Carolina.

By Mr. McCARRAN, from the Committee on the Judiciary:

James B. M. McNally, of New York, to be United States attorney for the southern dis-

trict of New York, vice Mathias F. Correa, resigned.

By Mr. CHANDLER, from the Committee on Military Affairs:

Maj. Gen. Harry Clyde Ingles (colonel, Signal Corps), Army of the United States, for appointment in the Regular Army of the United States as chief signal officer, with the rank of major general, for a period of four years from date of acceptance, vice Maj. Gen. Dawson Olmstead, chief signal officer, to be retired June 30, 1943;

Sundry officers for appointment in the Regular Army, under the provisions of law; and Several citizens for appointment under the War Manpower Commission.

By Mr. McKELLAR, from the Committee on Post Offices and Post Roads:

Sundry postmasters.

SENATOR FROM NORTH DAKOTA—EXPENSES OF H. C. LOWRY IN CONNECTION WITH CONTEST

Mr. GREEN, from the Committee on Privileges and Elections, reported an original resolution (S. Res. 162), which, under the rule, was referred to the Committee to Audit and Control the Contingent Expenses of the Senate, as follows:

Resolved, That the Committee on Privileges and Elections hereby is authorized to expend from the contingent fund of the Senate, upon vouchers approved by the chairman of said committee, such sums as may be necessary, not exceeding \$381.33, for the payments of expenses incurred by H. C. Lowry in connection with the contest of the seat in the Senate from the State of North Dakota now occupied by Senator WILLIAM LANGER.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. THOMAS of Oklahoma:

S. 1278. A bill for the relief of Yellow Cab Transit Co. and Equitable Fire & Marine Insurance Co.; to the Committee on Claims.

By Mr. REYNOLDS:

S. 1279. A bill to amend the Servicemen's Dependents Allowance Act of 1942, as amended, so as to liberalize family allowances, and for other purposes; and

S. 1280. A bill to provide authority to the Secretary of War to use funds now or hereafter appropriated for adjustment of contracts, and for other purposes; to the Committee on Military Affairs.

By Mr. STEWART (for Mr. BAILEY):

S. 1281. A bill for the relief of Rebecca A. Knight and Martha A. Christian; and

S. 1282. A bill for the relief of Eric W. Rodgers; to the Committee on Claims.

(Mr. VANDENBERG introduced Senate bill 1283, which was referred to the Committee on Agriculture and Forestry, and appears under a separate heading.)

By Mr. DOWNEY (for himself, Mr. WALSH, Mr. THOMAS of Idaho, Mr. CLARK of Idaho, Mr. LA FOLLETTE, Mr. PEPPER, and Mr. THOMAS of Utah):

S. 1284. A bill to provide for increased benefits to certain persons entitled to benefits under the act of August 16, 1941, as amended, or the act of December 2, 1942; to the Committee on Education and Labor.

By Mr. ANDREWS:

S. J. Res. 70. Joint resolution proposing an amendment to the Constitution of the United States relative to the subject matter of bills and joint resolutions and the manner of revising or amending laws; to the Committee on the Judiciary.

June
27



DIGEST OF PROCEEDINGS OF CONGRESS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

(Issued June 30, 1943, for actions of Tuesday, June 29, 1943)

(For staff of the Department only)

Contents

A.A.A.....24,27,38	Holidays.....25	Selective service.....26
Agricultural appropriation bill (individual items not indexed).....1	Housing.....12	Small business.....18
Appropriations...1,10,11,23	Inflation.....36	Subsidies2,3,7,19,33,34,36
Child care.....13	Information.....9	Sugar.....51
Commodity Credit.....2,35	Labor-Federal Security appropriation bill....23	Tobacco.....27
Dairy industry....42,47,50	Labor standards.....49,51	Trade agreements.....48
Drainage works.....29	Lands, public.....44	Transportation....6,14,45
Emergency fund.....10	Livestock.....16,33	Urgent deficiency appropriation bill.....10
Feed.....41	Machinery, farm.....24	Vocational rehabilitation.....4
Flood control.....24,41	Meat.....31,37,40,47	War Department military appropriation bill....11
Flood relief.....24,30	Minerals.....20,28	Water conservation.....21
Food administration...3,39	Parity.....35	Wildlife.....43
Food distribution....37,39	Petroleum.....5,8,14	Women's Army Auxiliary Corps.....15
.....40,50	Price control.....7,17,19,32,34,36,39,46	
Food production...22,31,37	Priorities.....24,52	
.....38,39,41	Rationing.....17,39,40,47	
	Reclamation.....22,29	
	<u>HOUSE</u>	

1. Agricultural appropriation bill. Agreed to the further conference report on this bill, H. R. 2481 (for provisions of report, see Digest 121)(p. 6784).

Concurred in the Senate amendment permitting use of conservation-and-use appropriations for programs under both the SCDA Act and the AAA Act of 1938 (by a 197-174 vote on a motion by Rep. Fulmer, after Rep. Tarver had made a motion to further insist)(pp. 6784-89).

Further insisted upon disagreement to the Senate amendments prohibiting incentive payments from this bill (after rejecting, 177-187, a motion by Rep. Fulmer to concur in the amendment with an amendment defining incentive payments as the type proposed by the President's recent supplemental estimate)(pp. 6790-92), permitting use of next year's conservation-and-use item for programs under both the SCDA Act and the AAA Act of 1938 (p. 6792), and increasing the crop-insurance item and removing the prohibition against further contracts (after rejecting, 82-142, a motion by Rep. Fulmer to concur)(6793-97).

Reps. Tarver, Cannon of Ho., Sheppard, Wene, Lambertson, Dirksen, and Plumley were appointed conferees for a further conference (p. 6797).

2. Commodity Credit; subsidies. Received the conference report on H. R. 2869, to increase CCC's borrowing power, continue it as a U. S. agency, etc. (pp. 6810-12). House conferees had been appointed earlier in the day (p. 6773), and a change had been made in the Senate conferees (p. 6815-16).

As reported from conference, the bill increases CCC's borrowing power by \$750,000,000 (House, \$500,000,000; Senate, \$1,000,000,000); continues it as a U. S. agency until June 30, 1945; requires it to keep books of account; requires its financial transactions, beginning July 1, 1943, to be audited by GAO in accordance with commercial principles; authorizes the Federal Reserve banks to act as depositaries, custodians, and fiscal agents for CCC; provides that 12 USC 375a (prohibiting loans to executive officers of certain banks) shall not apply to

Plans which CCC has agreed to take over or purchase; changes the basis of annual appraisal of CCC's assets; prohibits maximum prices on farm products at less than the support price or the higher of the maximum prices provided in Sec. 3 of Public Law 729, 77th; prohibits subsidies, except those which have accrued prior to Aug. 1, 1943, to reduce or prevent increases in prices; except that this provision shall not apply, until the end of this crop season, to commodities, other than milk and livestock and their products if there were commitments on June 15, or to wheat feed if sold at not less than the parity price of corn, or to prevent adjustments necessary for fats-oils production; provides that food subsidies shall be subject to the War Food Administrator's policies; limits losses, from commodities bought by CCC for sale at loss, to \$150,000,000; and requires other Government agencies to reimburse CCC for losses in carrying out their operations.

3. Food administration. Reps. Worley, Tex., Wickersham, Okla., Kleberg, Tex., and Thomson, Tex., commended the appointment of Marvin Jones as War Food Administrator (pp. 6775-76).
Rep. Lambertson, Kans., commended Chester Davis' attitude on subsidies (p. 6776).
Rep. Fish, N. Y.; criticized "the handling of the food situation," stating that it "is far the greatest of all New Deal follies, fantasies, fallacies, and failures" (p. 6776).
Rep. Murray, Wis., criticized the "sins of the New Deal agricultural program" and stated, "I hope that he [Marvin Jones] will not follow such a course during wartime" (p. 6777).
Rep. Hoffman, Mich., criticized administration of the food program and urged creation of "the office of director...of food...to solve the food problems free from interference by the Chief Executive or any of his subordinates" (pp. 6797-98).
Rep. Smith, Ohio, criticized the "New Deal controls and interferences in agriculture" and stated, "It will be interesting now to observe what part Judge Jones will play in this movement as food administrator" (p. 6800).
4. Vocational rehabilitation. Both Houses agreed to the conference report on H.R. 2536, to amend the Vocational Rehabilitation Act providing for promotion of vocational rehabilitation of persons disabled in industry or otherwise (pp. 6778-84, 6850-51). This bill will now be sent to the President.
5. Petroleum. Rep. Rees, Kans., urged increased ceiling prices for petroleum to aid production in view of the diminishing supply now available (p. 6774).
6. Transportation; roads. Reps. Randolph and Nott were appointed additional conferees on H.R. 2798, making various amendments to the Federal Highway Act (p. 6799).
7. Price control; subsidies. Received an Ill. Farmers' Institute resolution "opposing the proposed subsidy and roll-back in prices on foods for the reason that it would decrease production" (p. 6812).
8. Petroleum. Passed, as reported by the Interstate and Foreign Commerce Committee, H. J. Res. 139, consenting to an interstate oil compact between the oil producing States to conserve oil and gas (H. Rept. 612) (pp. 6799-6800, 6812).
9. Information. Rep. Priest, Tenn., urged reinstatement of the Domestic Operations Branch item in the appropriation bill for OWI (pp. 6809-10).

CONTINUING COMMODITY CREDIT CORPORATION AS AN AGENCY OF THE UNITED STATES

JUNE 29, 1943.—Committed to the Committee of the Whole House on the state of the Union and ordered to be printed

Mr. STEAGALL, from the committee of conference submitted the following

CONFERENCE REPORT

[To accompany H. R. 2869]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 2869) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

That section 1 of the Act approved March 8, 1938 (52 Stat. 107), as amended, is hereby amended by deleting from the first sentence thereof the term "31st of March" where that term first appears therein and substituting in lieu thereof the term "30th of June", and by deleting from the second sentence thereof "on the basis of the cost, including not more than one year of carrying charges, of such assets to the Corporation, or the average market prices of such assets for a period of twelve months ending with March 31 of each year, whichever is less," and inserting in lieu thereof "on the basis of the cost, or insofar as practicable, the average market price of such assets during the last month of the fiscal year covered by the appraisal, whichever is the lower." Only one appraisal of the assets and liabilities of the Commodity Credit Corporation shall be made during the calendar year 1943 which shall be on the basis established by this amendment.

SEC. 2. Section 4 of the Act approved March 8, 1938 (52 Stat. 108), as amended, is hereby amended by deleting the term "\$2,650,000,000" and inserting in lieu thereof the term "\$3,400,000,000".

SEC. 3. Section 7 of the Act approved January 31, 1935 (49 Stat. 4), as amended, is hereby amended by changing the designation thereof to section 7 (a) and by deleting from the first sentence thereof the term "June 30, 1943" and by inserting in lieu thereof "June 30, 1945"; and is further hereby amended by striking out the period at the end of the section and inserting in lieu thereof a comma and the following: "without regard to provisions of any other existing law relating to public funds: Provided, however, That the Corporation shall at all times maintain complete and accurate books of account and shall determine the procedures to be followed in the transaction of the corporate business.

"(b) The financial transactions of the Corporation beginning with the period from July 1, 1943, shall be audited by the General Accounting Office in accordance with the principles applicable to commercial corporate transactions and under such rules and regulations as may be prescribed by the Comptroller General of the United States: Provided, That the Corporation shall continue to have the authority to make final and conclusive settlement and adjustment of any claims by or against the Corporation or the accounts of its fiscal officers: Provided further, That a report of such audit shall be made to the Congress, together with such recommendations as the Comptroller General may deem advisable, and that each such report shall cover a period of one fiscal year and shall not be made until the Corporation and the Secretary of Agriculture shall have had a reasonable opportunity, not to exceed ninety days, to examine the report, point out errors therein, explain or answer the same, and file a statement which shall be submitted by the Comptroller General with his report: Provided further, That a copy of each such report shall be furnished the Secretary of the Treasury and that the findings contained therein shall be considered by the Secretary in appraising the assets and liabilities and determining the net worth of the Corporation under sections 1 and 2 of the Act of March 8, 1938 (52 Stat. 107), as amended: Provided, however, That nothing in this section shall be construed as modifying legislation authorizing the use of funds of the Corporation for administrative expenses and requiring accountability therefor.

"(c) The expenses of the audit as provided in this section may be paid up to and including June 30, 1945, from moneys advanced therefor by the Corporation, or from any appropriation or appropriations for the General Accounting Office, and appropriations so used shall be reimbursed promptly by the Corporation as billed by the Comptroller General: Provided, That any such advances or reimbursements shall be considered as nonadministrative expenses of the Corporation. For the purpose of such audit the representatives of the General Accounting Office shall have access to all papers, books, files, accounts, financial records, warehouses, and all other things, property, and places belonging to or under the control of or used or employed by the Corporation and shall be afforded full facilities for verifying transactions with and balances in depositaries and with fiscal agents: Provided further, That the certified financial reports and schedules of the fiscal agents of the Corporation based on commercial audits in the usual course of business may be accepted by the General Accounting Office in its audit of the financial transactions of the Corporation as final and not subject to further audit verification.

"(d) Any examination of the corporate records shall be made at the place or places where such records are normally kept in the transaction of the corporate business, and the Corporation shall retain custody of contracts, vouchers, schedules, or other financial or accounting documents, either original or duplicate, relating to its nonadministrative transactions."

SEC. 4. The Federal Reserve banks are hereby authorized to act as depositaries, custodians, and fiscal agents for the Commodity Credit Corporation.

SEC. 5. Subsection 22 (g) of the Federal Reserve Act, as amended (12 U. S. C. 375a), is hereby amended by adding at the end thereof the following: "This subsection shall not apply to loans which the Commodity Credit Corporation has agreed to take over or purchase".

SEC. 6. (a) No maximum price shall be established or maintained for any agricultural commodity, including milk and livestock and the products thereof, or for any commodity processed or manufactured in whole or substantial part from any agricultural commodity, below a price which will reflect to the producers thereof, a price below the support price therefor as heretofore or hereafter announced by the Secretary of Agriculture or the War Food Administrator, nor a price below the higher of the maximum prices provided in section 3 of Public Law Numbered 729, approved October 2, 1942.

(b) No subsidy or other payments, other than those which have accrued prior to August 1, 1943, shall be made either directly or indirectly by the Government or any agency thereof, including any Government-owned or controlled corporation, to a producer, processor, manufacturer, or any other person engaged in the production, marketing, distribution, or handling of any commodity referred to in subsection (a) either (1) for any reduction or roll-back of maximum prices or support prices so established, maintained or announced as may have been or may hereafter be ordered, or (2) as a substitute for or in lieu of increasing maximum prices or support prices already or hereafter established, maintained or announced, or (3) to maintain any maximum price already or hereafter established, from any funds heretofore or hereafter appropriated to, borrowed under congressional authorization by, or in the custody or control of any governmental agency, including any Government-owned or controlled corporation, unless the Congress shall have specifically authorized the use of such funds for such purpose, except that the foregoing prohibition shall not apply until the end of the current crop season to any such commodity, other than milk and livestock and the products thereof, with respect to which the Government or any agency thereof was committed to the payment of such subsidies or other payments on June 15, 1943, or to Government-owned wheat sold for feeding purposes if sold at not less than the parity price of corn, or to prevent such adjustments in the maximum or support prices on competitive domestic vegetable oils and fats and oil seed as may be required to bring about or to maintain the necessary relationship in the prices of such products that is required to assure adequate production for the war effort.

(c) Nothing contained in this section shall be construed to prevent the payment of all or any part of the purchase price or adjusted purchase price heretofore or hereafter paid or to be paid for such commodities sold to any governmental agency for governmental use.

(d) The definition of the term "person" in section 302 (h) of the Emergency Price Control Act of 1942 shall apply to the term "person" as used in this section.

SEC. 7. The first sentence of section 2 (e) of the Emergency Price Control Act of 1942 is hereby amended by inserting before the period at the end thereof a colon and the following: "Provided further, That the authority conferred by this section with respect to the buying, selling, storage, and use of commodities, and the authority conferred on the

Secretary of Agriculture by section 4 of the Act of July 1, 1941 (55 Stat. 498), as amended, shall, in the case of any commodity used for food purposes, be exercised only with the approval of the War Food Administrator created by Executive Order No. 9322, as amended, and only in such manner and upon such terms and conditions as he determines to be necessary to obtain the maximum necessary production of food to assure an adequate supply of food for the armed forces, for the essential civilian needs, and for carrying out the purposes of the Act of March 11, 1941. Such authority to buy commodities used for food purposes shall include the power to buy them for the purpose of selling at a loss, but any such purchase for sale at a loss (1) shall be made only from the farmer at a price not less than the higher of the maximum prices provided in section 3 of Public Law 729, approved October 2, 1942, and not less than the support price therefor as announced by the Secretary of Agriculture or the War Food Administrator, or (2) shall be made in the open market at a price which will reflect such price (referred to in clause (1)) to the farmer; and no such purchase for sale at a loss shall be made for the purpose of reducing or rolling back any maximum price established under the provisions of the Emergency Price Control Act of 1942, as amended: Provided further, That the War Food Administrator shall not approve purchases for the purpose of selling at a loss, except those required to carry out any program (other than a roll-back program) announced prior to July 1, 1943; and such approvals shall not involve losses in a total amount in excess of \$150,000,000. The Government agency or corporation making such purchases shall dispose of the commodities purchased as soon as feasible through the regular recognized channels and functions of trade and distribution used in free and independent enterprise; but no such commodity shall be sold or disposed of by any governmental agency or corporation (1) at a price below the price limitations imposed by sections 3 (a) and 3 (c) of this Act or section 3 of Public Law 729, approved October 2, 1942, or (2) contrary to the provisions of the last sentence of this subsection or the provisions of section 2 (f) of this Act. No governmental agency or corporation shall buy any such commodity for the purpose of selling it at a loss except pursuant to the authority contained in this section."

SEC. 8. Full reimbursement shall be made to the Commodity Credit Corporation for services performed, losses sustained, operating costs incurred, or commodities purchased or delivered to or on behalf of the Lend-Lease Administration, the Army or Navy, the Board of Economic Warfare, the Reconstruction Finance Corporation, or any other Government agency, from the appropriate funds of these agencies.

And the Senate agree to the same.

JOHN H. BANKHEAD,
GEORGE L. RADCLIFFE,
ROBERT A. TAFT,
HUGH A. BUTLER,

Managers on the part of the Senate.

HENRY B. STEAGALL,
BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,
JESSE P. WOLCOTT,
CHARLES L. GIFFORD,
F. L. CRAWFORD,

Managers on the part of the House.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 2869) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The first section of the matter recommended by the committee of conference is the same as the first section of the Senate amendment. It was the same in substance as the provision of the House bill.

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were all the hosts of the late American dead, their poor skeletons of bodies standing stiffly at attention; one ghostly figure blew upon a phantom bugle; another raised the phantom colors. For the dead Commander in Chief, whose dream had come to naught, was taking over command of his legions of dead whose death had come to naught.

May God prevent the recurrence of such an episode in our history! The passage of the Fulbright resolution will prevent such an exhibition this time on the part of Congress, and our dead in World War No. 2 will not have died in vain; those who, as their comrades return, are destined to forever sleep beyond that last opening in the hills and far across the wide and wildering wastes of oceans, will know that in dying they verily found the dream, ideal, and objective that they so willingly pursued.

Members of my committee bespeak the aid of the House generally in obtaining an early rule for the consideration of the Fulbright resolution.

(Mr. COURTNEY asked and was given permission to revise and extend his own remarks in the RECORD.)

The SPEAKER. Under previous order of the House, the gentleman from Tennessee [Mr. PRIEST] is recognized for 20 minutes.

Mr. PRIEST. Mr. Speaker, a few days ago the House adopted an amendment to the war agencies appropriation bill which in effect would abolish the Domestic Branch of the Office of War Information.

I share, with all Members of this House, a high regard for the gentleman from Alabama [Mr. STARNES], who offered that amendment, and I am sure if that distinguished gentleman, who is one of the most able Members of this body, had considered fully the effect of his amendment he would have altered it somewhat, at least, before offering it.

Most of the debate on the amendment in the Committee of the Whole centered on the so-called propaganda phases of the Domestic Branch of O. W. I. Very little attention was given to the broader effect of the amendment.

During consideration of nearly every appropriation bill for fiscal year 1943 there was a recurring refrain from both sides of the aisle that there be established a central information agency to coordinate and tie together the various news releases and statements of facts and policies emanating from the Government departments, bureaus, and agencies. Not only was there an insistent demand from Congress that a central bureau be established but almost unanimously the press of the Nation was attacking the Government for conflicting statements by various Federal officials on such subjects as rubber, oil, production, prices, manpower, and on down the line.

The public was confused, and there were evidences, rather pronounced, that the public was losing confidence in the accuracy of military news. The charge was being made that the Navy was withholding news of the complete destruction of our fleet at Pearl Harbor, and other charges were made that bad news was withheld until some compensating

good news could be released at the same time.

Into that picture of confusion, doubt and uncertainty, came the Office of War Information. In assuming the directorship, Mr. Elmer Davis summed up its basic policy in this sentence:

This is a people's war, and to win it they should know as much about it as they can. We will tell the people the truth and nothing but the truth. Only information of value to the enemy will be withheld.

Having served in practically every position on the editorial staff of a daily newspaper, I have watched, perhaps with more than ordinary interest, the manner in which that policy has been carried out. I also was one of those who demanded on the floor of the House that a central agency for information be established.

Through the past year the O. W. I. has battled within all the councils of Government for the prompt, complete, and accurate reporting of military news.

It is true that not all of the conflicting statements have disappeared, but most of them have, due to the coordinating work of the O. W. I. Let us look into some of the other effects of this amendment. Radio networks and their affiliated stations along with independent stations, are devoting approximately \$100,000,000 in radio time in their desire to cooperate in helping to keep the people who are at war accurately informed on such matters as bond sales, scrap drives, food conservation, and other important matters. The radio industry depends upon O. W. I. to bring all these facts together in their proper proportion and perspective. Without the work of the O. W. I. Domestic Branch the radio industry would have to go back to the 33 different agencies, and then face the task of evaluating information obtained on single subjects rather than having the whole matter tied together in one bundle.

Likewise the advertising industry has made available around \$100,000,000 in advertising space in newspapers and magazines. The advertising council responsible for filling this white space with valuable information for our people, depends on O. W. I. to do the same job it does for the radio industry. If it were abolished the Advertising Council likewise would have to fall back on 33 agencies, some of which are in a sense competitive.

Through an agreement worked out with the motion picture industry, the O. W. I. makes 26 pictures during a year, and the industry itself makes 26 others, thus giving a picture a week on some important war topic. All of that is under the Domestic Branch of O. W. I.

Retail stores from coast to coast have been very liberal in making available the use of their windows for posters relating to the war program. Under the present plan one poster each week is released on some subject of timeliness and importance.

Enemy propaganda is constantly flooding the American home front, and O. W. I. is the only agency in the Nation that regularly exposes by the light of fact all the dark lies and fallacies of what the enemy is saying.

Mr. Speaker, there has been a strong tendency in this body to curtail expenses and save the Government and the people money.

The Domestic Branch of O. W. I. costs less than \$9,000,000 per year. By the expenditure of that amount it makes possible the effective service of the free communication media of America—the press, radio, advertising, motion pictures, and magazines—in doing an effective job, and one, which though done by private effort, costs several hundred million dollars per year.

If the Domestic Branch of O. W. I. were abolished, as provided in the amendment already adopted by the House, the costs of every Federal war agency unquestionably will rise, and even with the increased costs the results are not likely to be nearly so favorable as they have been under the present system.

Charges have been made that the Office of War Information has engaged in political practices. These accusations, it seems to me, can hardly stand the light of careful examination.

The Director himself has warned all officials and employees of the Office that they can no more afford to be concerned with politics than can the Army or the Navy.

The personnel of the Office for the most part is made up of professional people who are concerned only with how they may best present the facts, and the information programs, so far as I have been able to learn, have not dealt in political issues, but with matters entirely related to this global war. It has been pointed out previously that until very recently the Director of the Domestic Branch was Mr. Gardner Cowles, an ardent Republican and a prominent mid-western publisher. Following his resignation, Mr. Palmer Hoyt, another prominent Republican, but a sincere American and a very fine Pacific coast publisher, has left his own newspaper to come here as Director of the Domestic Branch.

I mention the fact that both of these able journalists are Republicans not for the purpose of injecting politics into the discussion but in an effort to show, as I think it does show, that the agency has not been political or partisan either from the standpoint of personnel or policies.

Mr. Speaker, I am not so much concerned about the so-called home-front propaganda activities of the O. W. I. Domestic Branch as I am about the clearance and coordination features of the agency.

The war activities of this Nation and its Government on the home front are exceedingly complex. The daily lives of millions of people in many ways are affected by the decisions of the many agencies charged with carrying out the program.

Such decisions and the subsequent actions taken are of utmost interest and importance to the people they affect, and they are entitled to full and accurate information as quickly as it can be transmitted.

Now, in this complex pattern of Federal activity, several agencies may share responsibility in some measure for the handling of what would seem to be a

single problem, such as food, gasoline, or inflation control. Each one of these agencies naturally has a primary interest in its particular phase of the problem. It is only natural if each agency attempted to keep the public informed of its own activities, without any relation whatsoever to the other parties or agencies doing the same job, conflict and confusion inevitably would result. We saw that happening a year ago and we cried out against it, as rightly we should.

The domestic branch of O. W. I. provides the central clearance facilities which are necessary to give the public an accurate, ungarbled picture of the war activities of the Government as a whole.

The branch has what is known as an inter-agency liaison system through which the news bureau clears all war agency news releases, including speeches and statements by ranking officials thus eliminating, or certainly minimizing, contradictions that might result if statements were made on the basis of the functions of a single agency rather than in relation to what all other agencies are doing.

Just as an example of the extent to which the press of the Nation depends on O. W. I. to gather up loose ends and tie them together, is the fact that newspapers maintain 54 full-time correspondents who make their headquarters in the O. W. I. press room. The news bureau handles an average of 2,500 queries per month from the newspapers of the Nation.

The O. W. I. clears and issues over 250 news releases a week. It serves 1,867 daily newspapers which have a circulation of more than 141,000,000; 1,500 trade papers; 2,300 trade associations; 10,600 weekly papers, and 1,800 foreign language newspapers.

Let us examine very briefly some of the special reports that have been issued from time to time, and which have been used rather extensively by Members of the Congress. Bear in mind that all of these have been issued through the domestic branch of O. W. I.

In October of last year the O. W. I. issued the first clear-cut report on American aircraft. That report, very comprehensive and accurate, did more than any other one thing to end what was developing into a first-class controversy with reference to American planes as compared to those of enemy nations.

On March 26 of this year a report was issued on absenteeism. Many Members of this body referred to that report and quoted from it.

On April 17 of this year the O. W. I. Rubber Report was released. It dealt with a number of matters that were disputed in various quarters, but subsequent developments have proved the accuracy of that report.

Again, in April of this year, the O. W. I., after a careful survey of all transportation facilities and problems, issued a Transportation Report which still is a basic document in the consideration of the transportation problems which daily arise.

Without going into a discussion of other reports, may I simply refer to

them as examples of a type of service which no other agency of the Government is equipped to do. Among these are:

Report on Air Transport, issued June 7, 1943; Report on Willow Run, February 14, 1943; Report on Nazi Slave Labor, March 28, 1943; Small Business Under the Axis, March 30, 1943; Food Report, April 15, 1943; Alien Property, May 6, 1943; Recovery of American Wounded, May 19, 1943; Lend-Lease Report, a series released at different times.

I hope, Mr. Speaker, that in the other body, and then in conference, sufficient arrangements may be agreed to that will permit the Domestic Branch of O. W. I. to continue its functions particularly in the field of coordination of news, and of information for the radio, the advertising council, and other private agencies that depend on it for guidance in the preparation of material to aid the war program.

(Mr. PRIEST asked and was given permission to revise and extend his own remarks in the RECORD.)

PERMISSION TO ADDRESS THE HOUSE

Mr. PRIEST. Mr. Speaker, on behalf of my colleague from New York [Mr. DICKSTEIN], who had 20 minutes this afternoon to address the House, and found it impossible because of the lateness of the hour to use the special order, I ask unanimous consent that he may be permitted to address the House for 20 minutes next Tuesday after disposition of business on the Speaker's desk and at the conclusion of the legislative program in order for the day.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee [Mr. PRIEST]?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. LUTHER A. JOHNSON (at the request of Mr. THOMASON), for 1 day, on account of being a member of the special committee of the House attending a meeting of the Empire Parliamentary Association at Ottawa, Canada.

To Mr. LESINSKI, for 1 week, on account of official business.

EXTENSION OF REMARKS

Mr. PRIEST. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a magazine article taken from the Virginia Quarterly Review.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee [Mr. PRIEST]?

There was no objection.

[The matter referred to will appear hereafter in the Appendix.]

ENROLLED BILLS SIGNED

Mr. KLEIN, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 332. An act to revise the Alaska game law;

H. R. 1648. An act making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1944, and for other purposes;

H. R. 2397. An act making appropriations for the Departments of State, Justice, and Commerce, for the fiscal year ending June 30, 1944, and for other purposes; and

H. R. 2513. An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1944, and for other purposes.

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 217. An act to amend the act entitled "An act to authorize the President of the United States to requisition property required for the defense of the United States," approved October 16, 1941, to continue it in effect; and

S. 650. An act to revive and reenact the Act entitled "An Act granting the consent of Congress to the State of North Dakota to construct, maintain, and operate a free highway bridge across the Missouri River at or near Garrison, N. Dak.," approved February 10, 1932.

THE COMMODITY CREDIT CORPORATION ACT

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent to have until midnight tonight to file a conference report and statement on the bill (H. R. 2869) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 2869) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "That section 1 of the act approved March 8, 1938 (52 Stat. 107), as amended, is hereby amended by deleting from the first sentence thereof the term '31st of March' where that term first appears therein and substituting in lieu thereof the term '30th of June,' and by deleting from the second sentence thereof 'on the basis of the cost, including not more than 1 year of carrying charges, of such assets to the Corporation, or the average market prices of such assets for a period of 12 months ending with March 31 of each year, whichever is less,' and inserting in lieu thereof 'on the basis of the cost, or insofar as practicable, the average market price of such assets during the last month of the fiscal year covered by the appraisal, whichever is the lower.' Only one appraisal of the assets and liabilities of the Commodity Credit Corporation shall be made during the calendar year 1943 which shall be on the basis established by this amendment.

"Sec. 2. Section 4 of the Act approved March 8, 1938 (52 Stat. 108), as amended, is hereby amended by deleting the term '\$2,650,000,000' and inserting in lieu thereof the term '\$3,400,000,000'.

"Sec. 3. Section 7 of the Act approved January 31, 1935 (49 Stat. 4), as amended, is hereby amended by changing the designation thereof to section 7 (a) and by deleting from the first sentence thereof the term 'June 30, 1943' and by inserting in lieu thereof 'June 30, 1945'; and is further hereby amended by striking out the period at the end of the section and inserting in lieu thereof a comma and the following: 'without regard to provisions of any other existing law relating to public funds: *Provided, however,* That the Corporation shall at all times maintain complete and accurate books of account and shall determine the procedure to be followed in the transaction of the corporate business.

"(b) The financial transactions of the Corporation beginning with the period from July 1, 1943, shall be audited by the General Accounting Office in accordance with the principles applicable to commercial corporate transactions and under such rules and regulations as may be prescribed by the Comptroller General of the United States: *Provided,* That the Corporation shall continue to have the authority to make final and conclusive settlement and adjustment of any claims by or against the Corporation or the accounts of its fiscal officers: *Provided further,* That a report of such audit shall be made to the Congress, together with such recommendations as the Comptroller General may deem advisable, and that each such report shall cover a period of one fiscal year and shall not be made until the Corporation and the Secretary of Agriculture shall have had a reasonable opportunity, not to exceed ninety days, to examine the report, point out errors therein, explain or answer the same, and file a statement which shall be submitted by the Comptroller General with his report: *Provided further,* That a copy of each such report shall be furnished the Secretary of the Treasury and that the findings contained therein shall be considered by the Secretary in appraising the assets and liabilities and determining the net worth of the Corporation under sections 1 and 2 of the Act of March 8, 1938 (52 Stat. 107), as amended: *Provided, however,* That nothing in this section shall be construed as modifying legislation authorizing the use of funds of the Corporation for administrative expenses and requiring accountability therefor.

"(c) The expenses of the audit as provided in this section may be paid up to and including June 30, 1945, from moneys advanced therefor by the Corporation, or from any appropriation or appropriations for the General Accounting Office, and appropriations so used shall be reimbursed promptly by the Corporation as billed by the Comptroller General: *Provided,* That any such advances or reimbursements shall be considered as nonadministrative expenses of the Corporation. For the purpose of such audit the representatives of the General Accounting Office shall have access to all papers, books, files, accounts, financial records, warehouses, and all other things, property and places belonging to or under the control of or used or employed by the Corporation and shall be afforded full facilities for verifying transactions with and balances in depositaries and with fiscal agents: *Provided further,* That the certified financial reports and schedules of the fiscal agents of the Corporation based on commercial audits in the usual course of business may be accepted by the General Accounting Office in its audit of the financial transactions of the Corporation as final and not subject to further audit verification.

"(d) Any examination of the corporate records shall be made at the place or places where such records are normally kept in the transaction of the corporate business, and the Corporation shall retain custody of contracts, vouchers, schedules, or other financial or

accounting documents, either original or duplicate, relating to its nonadministrative transactions.

"Sec. 4. The Federal Reserve banks are hereby authorized to act as depositaries, custodians, and fiscal agents for the Commodity Credit Corporation.

"Sec. 5. Subsection 22 (g) of the Federal Reserve Act, as amended (12 U. S. C. 375a), is hereby amended by adding at the end thereof the following: 'This subsection shall not apply to loans which the Commodity Credit Corporation has agreed to take over or purchase'.

"Sec. 6. (a) No maximum price shall be established or maintained for any agricultural commodity, including milk and livestock and the products thereof, or for any commodity processed or manufactured in whole or substantial part from any agricultural commodity, below a price which will reflect to the producers thereof, a price below the support price therefor as heretofore or hereafter announced by the Secretary of Agriculture or the War Food Administrator, nor a price below the higher of the maximum prices provided in section 3 of Public Law Numbered 729, approved October 2, 1942.

"(b) No subsidy or other payments, other than those which have accrued prior to August 1, 1943, shall be made either directly or indirectly by the Government or any agency thereof, including any Government-owned or controlled corporation, to a producer, processor, manufacturer, or any other person engaged in the production, marketing, distribution, or handling of any commodity referred to in subsection (a) either (1) for any reduction or roll-back of maximum prices or support prices so established, maintained or announced as may have been or may hereafter be ordered, or (2) as a substitute for or in lieu of increasing maximum prices or support prices already or hereafter established, maintained or announced, or (3) to maintain any maximum price already or hereafter established, from any funds heretofore or hereafter appropriated to, borrowed under congressional authorization by, or in the custody or control of any governmental agency, including any Government-owned or controlled corporation, unless the Congress shall have specifically authorized the use of such funds for such purpose, except that the foregoing prohibition shall not apply until the end of the current crop season to any such commodity, other than milk and livestock and the products thereof, with respect to which the Government or any agency thereof was committed to the payment of such subsidies or other payments on June 15, 1943, or to Government-owned wheat sold for feeding purposes if sold at not less than the parity price of corn, or to prevent such adjustments in the maximum or support prices on competitive domestic vegetable oils and fats and oil seed as may be required to bring about or to maintain the necessary relationship in the prices of such products that is required to assure adequate production for the war effort.

"(c) Nothing contained in this section shall be construed to prevent the payment of all or any part of the purchase price or adjusted purchase price heretofore or hereafter paid or to be paid for such commodities sold to any governmental agency for governmental use.

"(d) The definition of the term 'person' in section 302 (h) of the Emergency Price Control Act of 1942 shall apply to the term 'person' as used in this section.

"Sec. 7. The first sentence of section 2 (e) of the Emergency Price Control Act of 1942 is hereby amended by inserting before the period at the end thereof a colon and the following: '*Provided further,* That the authority conferred by this section with respect to the buying, selling, storage and use of commodities, and the authority conferred on the Secretary of Agriculture by section 4 of the Act of July 1, 1941 (55 Stat. 498) as amended, shall, in the case of any commodity

used for food purposes, be exercised only with the approval of the War Food Administrator created by Executive Order No. 9322, as amended, and only in such manner and upon such terms and conditions as he determines to be necessary to obtain the maximum necessary production of food to assure an adequate supply of food for the armed forces, for the essential civilian needs, and for carrying out the purposes of the Act of March 11, 1941. Such authority to buy commodities used for food purposes shall include the power to buy them for the purpose of selling at a loss, but any such purchase for sale at a loss (1) shall be made only from the farmer at a price not less than the higher of the maximum prices provided in section 3 of Public Law 729, approved October 2, 1942, and not less than the support price therefor as announced by the Secretary of Agriculture or the War Food Administrator, or (2) shall be made in the open market at a price which will reflect such price (referred to in clause (1)) to the farmer; and no such purchase for sale at a loss shall be made for the purpose of reducing or rolling back any maximum price established under the provisions of the Emergency Price Control Act of 1942, as amended: *Provided further,* That the War Food Administrator shall not approve purchases for the purpose of selling at a loss, except those required to carry out any program (other than a roll back program) announced prior to July 1, 1943; and such approvals shall not involve losses in a total amount in excess of \$150,000,000. The government agency or corporation making such purchases shall dispose of the commodities purchased as soon as feasible through the regular recognized channels and functions of trade and distribution used in free and independent enterprise; but no such commodity shall be sold or disposed of by any governmental agency or corporation (1) at a price below the price limitations imposed by sections 3 (a) and 3 (c) of this Act or section 3 of Public Law 729 approved October 2, 1942, or (2) contrary to the provisions of the last sentence of this subsection or the provisions of section 2 (f) of this Act. No governmental agency or corporation shall buy any such commodity for the purpose of selling it at a loss except pursuant to the authority contained in this section.'

"Sec. 8. Full reimbursement shall be made to the Commodity Credit Corporation for services performed, losses sustained, operating costs incurred, or commodities purchased or delivered to or on behalf of the Lend-Lease Administration, the Army or Navy, the Board of Economic Warfare, the Reconstruction Finance Corporation, or any other Government agency, from the appropriate funds of these agencies."

And the Senate agree to the same.

HENRY B. STEAGALL,
BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,
JESSE P. WOLCOTT,
CHARLES L. GIFFORD,
F. L. CRAWFORD,

Managers on the part of the House.

JOHN H. BANKHEAD,
GEORGE L. RADCLIFFE,
ROBERT A. TAFT,
HUGH A. BUTLER,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 2869) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

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Section 7 is a modification of the O'Mahoney amendment which was included as section 6 of the Senate amendment and applies only to commodities used for food purposes. It validates programs of buying, selling, storage, and use of commodities under section 2 (e) of the Emergency Price Control Act of 1942 and programs for support prices under section 4 of the Act of July 1, 1941, if the program was announced prior to July 1, 1943, but does not validate any roll-back program. Section 2 (e) of the Emergency Price Control Act of 1942 is amended to provide that the War Food Administrator must approve such programs (other than roll-back programs) and places a limitation on losses of \$150,000,000.

Section 8 is the same as section 8 of the bill as it passed the House.

HENRY B. STEAGALL,
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F. L. CRAWFORD,

Managers on the part of the House.

ADJOURNMENT

Mr. PRIEST. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 35 minutes p. m.), under its previous order, the House adjourned until 11 o'clock a. m., tomorrow, Wednesday, June 30, 1943.

COMMITTEE HEARINGS

COMMITTEE ON THE PUBLIC LANDS

(Wednesday, June 30, 1943)

There will be a meeting of the Committee on the Public Lands at 10 a. m., Wednesday, June 30, 1943, for the purpose of considering H. R. 2596, to protect naval petroleum reserve No. 1, and such other matters as may properly come before the committee.

COMMITTEE ON THE JUDICIARY

(Wednesday, June 30, 1943)

The special subcommittee on bankruptcy and reorganization of the Committee on the Judiciary will conduct further hearings on H. R. 2857, a bill to amend section 77 of the act of July 1, 1898, entitled "An act to establish a uniform system of bankruptcy throughout the United States," as amended, at 10

a. m. on Wednesday, June 30, 1943, in room 346, Old House Office Building, Washington, D. C.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Wednesday, June 30, 1943)

There will be a meeting of the subcommittee on investigation of restrictions on brand names and newsprint of the Committee on Interstate and Foreign Commerce at 2 p. m., Wednesday, June 30, 1943. Business to be considered: To hear Mr. MacLeod, Office of Price Administration.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

525. A letter from the Acting Secretary of the Treasury, transmitting the Annual Report of the Federal Bureau of Narcotics, prepared by the Commissioner of Narcotics, for the calendar year ended December 31, 1942; to the Committee on Ways and Means.

526. A letter from the Comptroller General of the United States, transmitting his report and recommendation concerning the claim of Pan American Airways, Inc., against the United States, pursuant to the act of April 10, 1928, Forty-fifth Statute 413; to the Committee on Claims.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. BOREN: Committee on Interstate and Foreign Commerce. House Joint Resolution 139. Joint resolution consenting to an interstate oil compact to conserve oil and gas; with amendment (Rept. No. 612). Referred to the Committee of the Whole House on the state of the Union.

Mr. LANHAM: Committee on Public Buildings and Grounds. H. R. 340. A bill to authorize the Legislature of the Territory of Alaska to grant and convey certain lands to the city of Sitka, Alaska, for street purposes; with amendment (Rept. No. 614). Referred to the Committee of the Whole House on the state of the Union.

Mr. SABATH: Committee on Rules. House Resolution 275. Resolution granting consideration of H. R. 2714, the urgent deficiencies appropriations; without amendment (Rept. No. 615). Referred to the House Calendar.

Mr. HARNESS of Indiana: Committee on Military Affairs. H. R. 3026. A bill relating to appointments to the United States Military Academy and the United States Naval Academy in the case of redistricting of congressional districts; with amendment (Rept. No. 616). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. KEOGH:

H. R. 3066. A bill to amend section 3761 of the Internal Revenue Code and section 3469 of the Revised Statutes; to the Committee on Ways and Means.

By Mr. LANE:

H. R. 3067. A bill to make October 12 a legal public holiday; to the Committee on the Judiciary.

By Mr. BARRETT:

H. R. 3068. A bill to amend section 23 (c) (3) of the Internal Revenue Code; to the Committee on Ways and Means.

By Mr. ABERNETHY:

H. R. 3069. A bill to provide for improved agricultural land utilization by assisting in the rehabilitation and construction of drainage works in the humid areas of the United States; to the Committee on Agriculture.

By Mr. MAGNUSON:

H. R. 3070. A bill to repeal the Chinese Exclusion Acts, to establish quotas, and for other purposes; to the Committee on Immigration and Naturalization.

By Mr. SPARKMAN:

H. R. 3071. A bill to amend the Servicemen's Dependents Allowance Act of 1942, as amended, so as to liberalize family allowances, and for other purposes; to the Committee on Military Affairs.

By Mr. CHAPMAN:

H. J. Res. 144. Joint resolution relating to the marketing of burley and flue-cured tobacco under the Agricultural Adjustment Act of 1938, as amended; to the Committee on Agriculture.

By Mr. BARRETT:

H. Res. 274. Resolution authorizing an investigation by the Committee on the Public Lands with respect to methods of increasing the production of oil and gas on public lands of the United States; to the Committee on Rules.

By Mr. McGRANERY:

H. Res. 276. Resolution creating a select committee to investigate recent charges in the public press that members of the Women's Army Auxiliary Corps are being furnished contraceptives by the Department of War; to the Committee on Rules.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1775. By Mr. HEIDINGER: Communication from Clint Logan, of Louisville, Ill., director of the Illinois Farmers' Institute, for the Twenty-fourth Congressional District, earnestly opposing the proposed subsidy and roll-back in prices on foods for the reason that it would decrease production and would be unfair to the taxpayers; to the Committee on Agriculture.

1776. By Mr. HOPE: Petition favoring the passage of House bill 2082; to the Committee on the Judiciary.

1777. By Mr. KEARNEY: Petition of Thomas E. Keigher and 98 other citizens of Schenectady and Scotia, N. Y., appealing for the enactment of House bill 2082; to the Committee on the Judiciary.

1778. By Mr. MAGNUSON: Petition favoring the passage of House bill 2082; to the Committee on the Judiciary.

1779. By Mr. WELCH: Petition of the San Francisco Building and Construction Trades Council, proposing that allotments to aged mothers and fathers be increased to that being paid wives, and that Congress review the entire system of allotments to the end that a decent standard of living can be maintained by the fathers, mothers, and wives of the men fighting the war; to the Committee on Military Affairs.

1780. Also, petition of the San Francisco Labor Council, regarding the serious housing problem and urging that 5,000 moderately priced family dwellings for war workers be built within the city and county of San Francisco, and that the Honorable John M. Blandford, National Housing Administrator, be urged to act favorably on such request; to the Committee on Public Buildings and Grounds.

1781. By the SPEAKER: Petition of Kurty Mertig, of New York, N. Y., petitioning consideration of the resolution with reference to Executive Order No. 9066; to the Committee on the Judiciary.



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No. 122

House of Representatives

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O God, our Heavenly Father, for the constancy of Thy care, for the countless revelations of Thy presence, and for Thy manifold mercies, accept our grateful praise. Whatever may be our trial, give us courage to stand without compromise and grace to rise superior to censure and self-interest. Make our feet swift to run and our hands eager to work and the words of our Saviour will be so woven in our affections that we shall hallow them forever.

O Lamp Eternal, radiate from the heights of Thy holy hill; O Light that falls from the upper world, shine on our country; O Voice Divine, speak to all our people for only Thou art good. Grant that all things rebellious and unjust may lose their power and things ennobling and enriching may prevail throughout our land. We bless Thee for the Master whose love for humanity encircled Him with invisible power; beneath His blessed feet it broke forth amid confusion and vexed minds; it put on immortality; it never faileth. Dear Lord, unfold in us the glories of love rising above jealousies and contentions which plucks the sting of sin and inspires love for love and hate for hate and makes alive forevermore. Through Jesus Christ, our Lord. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 2481) entitled "An act making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1944, and for other purposes."

The message also announced that the Senate further insists upon its amendments numbered 87, 88, 92, 98, and 99 to said bill, disagreed to by the House, asks a further conference with the House on

the disagreeing votes of the two Houses thereon, and appoints Mr. RUSSELL, Mr. HAYDEN, Mr. TYDINGS, Mr. BANKHEAD, Mr. SMITH, Mr. NYE, and Mr. McNARY to be conferees on the part of the Senate.

The message also announced that the Senate agrees to the amendments of the House to a bill of the Senate of the following title:

S. 650. An act to revive and reenact the act entitled "An act granting the consent of Congress to the State of North Dakota to construct, maintain, and operate a free highway bridge across the Missouri River at or near Garrison, N. Dak.," approved February 10, 1932.

The message also announced that the Senate insists upon its amendments to the bill (H. R. 647) entitled "An act to provide for the establishment of the George Washington Carver National Monument," disagreed to by the House, agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. HATCH, Mr. ANDREWS, Mr. WALLGREN, Mr. HOLMAN, and Mr. THOMAS of Idaho to be conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 2513) entitled "An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1944, and for other purposes."

The message also announced that the Senate agrees to the amendments of the House to the amendments of the Senate numbered 4, 32, and 72 to the foregoing bill.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 2397) entitled "An act making appropriations for the Departments of State, Justice, and Commerce, for the fiscal year ending June 30, 1944, and for other purposes."

The message also announced that the Senate agrees to the amendments of the House to the amendments of the Senate numbered 9 and 10 to the foregoing bill.

COMMODITY CREDIT CORPORATION

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 2865) to continue the Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference requested by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Alabama [Mr. STEAGALL]? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. STEAGALL, SPENCE, BROWN of Georgia, PATMAN, WOLCOTT, GIFFORD, and CRAWFORD.

EXTENSION OF REMARKS

Mr. KILDAY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an address delivered by Joe G. Montague.

The SPEAKER. Is there objection to the request of the gentleman from Texas? There was no objection.

[The matter referred to appears in the Appendix.]

Mr. LANE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and include therein an article appearing in the Columbia magazine entitled "Listen, Son."

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. WEISS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein an editorial from the McKeesport Daily News.

The SPEAKER. Is there objection?
There was no objection.

[The matter referred to appears in the Appendix.]

Mr. WEISS. Mr. Speaker, I also ask unanimous consent to extend my remarks in the RECORD and to include therein a letter.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. AUCHINCLOSS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a letter from Ralph B. Starkey, chairman of the legislative committee of the Cooperative Marketing Association of New Jersey.

The SPEAKER. Is there objection?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. MCGREGOR. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an editorial from the Coshocton Tribune.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

[The matter referred to appears in the Appendix.]

CORRECTION OF RECORD

Mr. GIFFORD. Mr. Speaker, I ask unanimous consent that the RECORD may be corrected, at page 6608, wherein the remarks are attributed to the gentleman from Texas [Mr. PATMAN] which were my remarks. Of course, I would be glad to have the remarks remain thus, but I hardly think he would be.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

EXTENSION OF REMARKS

Mr. HANCOCK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a recent address by the Judge Advocate General of the Army.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. MASON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the subject of food subsidies.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

[The matter referred to appears in the Appendix.]

PERMISSION TO ADDRESS THE HOUSE

Mr. REES of Kansas. Mr. Speaker, I have a special order to address the House today. I ask unanimous consent that

such order be canceled and that I may be permitted to address the House tomorrow in lieu thereof following the legislative business of the day and any other special orders heretofore entered.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

THE DIMINISHING SUPPLY OF CRUDE OIL IS CRITICAL

Mr. REES of Kansas. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. REES of Kansas. Mr. Speaker, the depletion of crude-oil reserves in this country has reached a most serious stage. It is due largely to the increased demand on the part of the Government and to the low ceiling price on crude oil. Just recently representatives of the armed forces testifying before a Senate committee said that there is an impending shortage of oil in this country. It is certain that the armed forces use more than 200,000 barrels of gasoline per day. Before the end of the year the amount will probably be doubled. It is well to observe that the Government uses about one-fourth of our oil supply. This does not include the tremendous amount used by the war industries.

Now, Mr. Speaker, I call attention to the fact that the price of crude oil is so low, compared with the cost of production, that there is not much inducement to make new discoveries for additional production. The production of crude oil last year was about 50 percent of that of the year before. It is about the same this year. Crude oil is about 60 percent of parity. It is just as low as it was 5 to 10 years ago. The increase of 50 cents per barrel would stimulate production and increase the price of gasoline only about 2 cents or 3 cents per gallon. But the most important thing, however, is the fact that at present the supply is at a dangerously low ebb and that little is being done. The situation can be corrected to some extent at least if done right away by stimulating new production by increasing the price of crude oil. It is imperative that we have a sufficient supply to take care of the demands of our planes, our tanks, and our ships. The Government does not put a price ceiling below cost on its ammunition or its guns or planes or ships. Such ceilings would restrict production. There can be no reason for restricting the production of oil by placing a ceiling below cost. It is neither reasonable nor right that a government should strangle by price restriction the production of a national resource so necessary to the prosecution of the war. It is time, I say, for those in authority and in high places to take a practical, realistic attitude toward this important problem before we have another situation of "too little and too late."

The SPEAKER. The time of the gentleman from Kansas has expired.

EXTENSION OF REMARKS

Mr. DONDERO. Mr. Speaker, I ask unanimous consent to extend my own

remarks in the Appendix of the RECORD and include therein a short editorial from the Pontiac Daily Press entitled "Let's Get Down to Earth."

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

[The matter referred to appears in the Appendix.]

CADETS, MILITARY AND NAVAL ACADEMIES

Mr. HARNESS of Indiana. Mr. Speaker, I ask unanimous consent that the Committee on Military Affairs may have until midnight tonight to file a report on the bill (H. R. 3026) relating to appointments to the United States Military Academy and the United States Naval Academy in the case of redistricting of congressional districts.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

EXTENSION OF REMARKS

Mr. ELLIS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and to include therein a certain newspaper article.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. KINZER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a letter received from a soldier serving in the armed forces in reference to strikes back home.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. GEARHART. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an address by Gov. Earl Warren, of California, delivered at the Governors' Conference in Columbus, Ohio, on June 19 last.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

[The matter referred to will appear hereafter in the Appendix.]

Mr. AUGUST H. ANDRESEN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a letter written by Mr. Goss, master of the National Grange.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. CANFIELD. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix and to include therein a telegram.

June
30

DIGEST OF PROCEEDINGS OF CONGRESS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE
(Issued July 1, 1943, for actions of Wednesday, June 30, 1943)

(For staff of the Department only)

Contents

A.A.A.....1,2,22,32	Food administration21,41	Rationing.....13,36
Agricultural appropria- tion bill.....1	Food distribution.....38	Rubber.....19
Appropriations.....	Food production....22,40	Second deficiency ap- propriation bill.....16
.....1,7,9,10,11,16,18	Grade labeling.....39	Selective service...31,43
Board of Economic War- fare.....18	Housing.....8	Subsidies.....4,15,18,23
Bituminous Coal Act....27	Inflation.....4,29	Sugar.....40
Bureaucracy.....5	Information.....18	Taxation.....25,26
Child care.....17	Insecticides.....42	Tobacco.....12,32
Commodity Credit..2,18,33	Labor-Federal Security appropriation bill..11	Urgent deficiency appro- priation bill.....10
Critical materials.....28	Lands, public.....30	Vehicles.....25
Electrification.....20	Loans, farm.....34	Vocational rehabilita- tion.....30
Emergency fund.....10	Machinery, farm.....3	War agencies appropria- tion bill.....18
Farm Security.....34	Price control.....	War Department military appropriation bill....7
Flood control..3,14,16,20	...6,13,15,18,23,29,35	
	Priorities.....37	

HOUSE

1. Agricultural appropriation bill. Agreed to the third conference report on this bill, H. R. 2481 (pp. 6956-58). The report strikes out the Senate amendment permitting use of next year's conservation-and-use item for programs under both the SCDA Act and the AAA Act of '38; retains the incentive-payment prohibition, with an amendment to permit payments under the agricultural adjustment program of 1943 but prohibits payments such as those recently recommended by the President in a supplemental estimate; and reports in disagreement the crop-insurance amendments. Rep. Tarver moved to insist on disagreement to the crop-insurance amendments, and Rep. Cooley, H. C., offered a preferential motion to recede and concur. Rep. Cooley's motion was rejected, 135-223 (pp. 6958-62).
2. Commodity Credit. Both houses agreed (House, 160-32; Senate, 62-13) to the conference report on H. R. 2869, to increase CCC's borrowing power (pp. 6935, 6902)... (For provisions of the conference report see Digest 122). Reps. Steagall, Ala., and Wolcott, Mich., discussed the provisions of the report (pp. 6935-36, 6938-39). Rejected a motion by Rep. Smith, Ohio, to recommit this bill (p. 6943). Agreed to a concurrent resolution removing from this Act the restrictions, relating to disposal prices of commodities by Government agencies, placed on the Price Administrator by the Price Control Act. Rep. Smith, Ohio, urged that provision be made for audit of all agencies that are not now subject to GAO audit (p. 6942). This bill will now be sent to the President.
3. Flood control. Passed with amendment S. 1134, to authorize appropriations of \$10,000,000 for emergency flood control work under the direction of the Secre-

tary of War. The House amendment (in the nature of a substitute) omits the provision agreed to in the Senate authorizing the Secretary of Agriculture to suspend all AAA quotas on agricultural commodities in flood-affected areas in 1943 and authorizing WPB and other governmental agencies having jurisdiction over allocations and priorities relating to farm machinery and equipment to provide allocations and priorities to enable farmers in flood-affected area to replace and repair farm machinery destroyed or damaged by floods. (pp. 6926-28.) The Senate later agreed to a motion to disagree to the House amendment. Sens. Averton, Clark of Mo., and McNary and Reps. Whittington, Allen of La., Elliott, Clason, and Curtis were appointed conferees. (pp. 6884-6946.)

4. Subsidies. Rep. Patman, Tex., referring to Chester Davis' comment relating to subsidies in the latter's letter to the President, stated, "Congress will be to blame when we have run-away inflation." (p. 6925.)
5. Bureaucracy. Rep. Springer, Ind., criticized "the 'Bureautopia' of the visionaries" and stated that it "is in danger of becoming...divided against itself" (p. 6925).
6. Price control. Rep. Herter, Mass., criticized the claim that "price controls now being administered...are for the benefit of the consumer," claiming that "administration policies destroy low-cost food" (pp. 6931-32).
7. War Department military appropriation bill. Both Houses agreed to the conference report on this bill, H.R. 2996 (pp. 6912-13, 6944-45). (For provisions of interest see Digests 113 and 114.) This bill will now be sent to the President.
8. Housing. Passed with amendment S. 1109, to increase by \$300,000,000 (Senate proposes \$400,000,000) the appropriation authorization for war housing (pp. 6929-31, 6049-56, 6962-69).
9. Appropriations. Agreed to motion by Majority Leader McCormack that "during the remainder of the week ending July 3, 1943, it shall be in order to consider conference reports the same day as reported in the House" (p. 6956).
10. Urgent deficiency appropriation bill. On a motion by Rep. Cannon, Mo. further insisted on disagreement to exempting FBI from the restrictions on use of the President's emergency fund (p. 6945). On a motion by Rep. Woodrum, Va., further insisted on the prohibition against salary payments to 3 employees after rejecting (71 - 301) a motion by Rep. Marcantonio, N. Y. to concur in the Senate's elimination of this item. Conferees were appointed in both Houses for a further conference on these items (pp. 6923, 6948).
11. Labor-Federal Security appropriation bill. Received the conference report on this bill, H.R. 2955 (pp. 6960-61). The conferees reported the NYA item in disagreement, but the House conferees plan to move to concur in the Senate amendment increasing this item.
12. A. A. A.; tobacco. Agriculture Committee reported without amendment H. J. Res. 144, providing for increased burley and flue-cured tobacco quotas (H. Rept. 622) (p. 6970).
13. Price control; rationing. Received the 4th OPA report, for the period ended Jan. 31, 1943 (H. Doc. 248). To Banking and Currency Committee. (p. 6972.)

is being developed and so we are turning to that and reducing the production of the old type. At this point I wish to read a few of the sentences which were left in the printed hearings out of the extended discussion we had on this subject. I quote:

Colonel HOFSTETTER. The principal items in there are for the expansion of explosive plants which we need because a new explosive has been developed, which is more powerful than anything we have had in the past. * * * We have been under considerable pressure from the Air Corps to bring about increased production of this product. That explosive is considered much more powerful than TNT, and they find that if they can use this powerful explosive they can accomplish the same results by using a smaller number of planes.

The SPEAKER. The time of the gentleman from South Dakota has expired; all time has expired.

Mr. SABATH. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to and a motion to reconsider was laid on the table.

The SPEAKER. The Chair desires to state to the gentleman from Texas that he has agreed to recognize the gentleman from Alabama to call up a conference report.

CONTINUING COMMODITY CREDIT CORPORATION

Mr. STEAGALL. Mr. Speaker, I call up the conference report on the bill (H. R. 2869) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes.

CALL OF THE HOUSE

Mr. DITTER. Mr. Speaker, I make a point of order that a quorum is not present.

The SPEAKER. Evidently no quorum is present.

Mr. RAMSPECK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll; and the following Members failed to answer to their names:

[Roll No. 117]

Allen, Ill.	Gillie	Morrison, La.
Baldwin, Md.	Green	Morrison, N. C.
Baldwin, N. Y.	Hall	Nichols
Barden	Edwin Arthur	O'Hara
Bell	Hall	O'Leary
Boren	Leonard W.	O'Toole
Bradley, Mich.	Hébert	Phillips
Buckley	Hollifield	Plumley
Byrne	Izac	Rivers
Capozzoli	Jennings	Russell
Chenoweth	Johnson	Sasser
Cochran	Luther A.	Scanlon
Culkin	Johnson	Sheppard
Dawson	Ward	Sheridan
Dingell	Kilburn	Somers, N. Y.
Eaton	King	Tolan
Fay	LeFevre	Towe
Fernandez	Lesinski	Treadway
Fitzpatrick	Luce	Van Zandt
Ford	Magnuson	Vinson, Ga.
Fulmer	Mansfield, Tex.	Vorrs, Ohio
Furlong	Merritt	Wheat
Gallagher	Monroney	

The SPEAKER. On this roll call 361 Members have answered to their names, a quorum is present.

On motion of Mr. RAMSPECK, further proceedings, under the rule, were dispensed with.

CONTINUING COMMODITY CREDIT CORPORATION AS AN AGENCY OF THE UNITED STATES

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the full report.

The SPEAKER. Is there objection to the request of the gentleman from Alabama [Mr. STEAGALL]?

There was no objection.

The Clerk read the statement of the managers on the part of the House.

(For conference report and statement, see proceedings of the House of June 29, 1943.)

Mr. STEAGALL. Mr. Speaker, I yield half of the time to the gentleman from Michigan [Mr. WOLCOTT].

Mr. Speaker, this is the conference report on the Commodity Credit Corporation bill. Members are familiar with the measure as it passed the House so I shall only undertake to deal with the provisions of the bill as they have been changed by the conference committee. A new provision in the conference report would establish a system of accounting to be conducted by the General Accounting Office. It is a rather long provision, but there was no objection on the part of any of the conferees either from the House or Senate, and it was worked out in conjunction with officials of the Commodity Credit Corporation and is acceptable to them. I assume there will be no objection to that part of the bill, although it was not in the House bill.

The material changes in the bill, or at least two provisions of the bill in which the Members are mainly interested, are the so-called subsidy provision of the bill, and the provision incorporated by the conferees which amends the buying and selling provisions of section 2 of the original Price Control Act. The subsidy provisions of the Senate bill and the House bill were in substantial agreement. The conferees adopted portions of the language from both bills, not for substantial reasons, but for clarity and for better expression and without substantial change. It is provided that no maximum price shall be established or maintained for any agricultural commodity, including milk and livestock and the products thereof, or for any commodity processed or manufactured in whole or substantial part from any agricultural commodity, below a price which will reflect to the producers thereof, a price below the support price therefor as heretofore or hereafter announced by the Secretary of Agriculture or the War Food Administrator, nor a price below the higher of the maximum prices provided in section 3 of Public Law No. 729, approved October 2, 1942.

A provision embodied in the conference report would prevent subsidy and other payments except those that have accrued prior to August 1, 1943, either for any reduction or roll-back of maximum prices or support prices so established, maintained, or announced as may have been or may hereafter be ordered. This means that no maximum or support price can be reduced or rolled back and the difference made up as a subsidy or other payment, nor can such payment be

made in lieu of increasing maximum prices or support prices already or hereafter established, maintained, or announced. This means that when an increase in maximum prices is to be put into effect it must be done directly and not on a resort to subsidies, nor can a subsidy be used to cover any portion of any maximum price already or hereafter established from any funds heretofore or hereafter appropriated.

This language is in effect the same as the language employed in the House bill.

Mr. POAGE. Will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from Texas.

Mr. POAGE. I understood the gentleman to say that this prevented roll-backs that were not in effect up until August 1, 1943. Why did you pick August 1?

Mr. STEAGALL. It permits the fulfillment of obligations that accrue down to August 1.

The purpose is to validate contractual relationships, regardless of the technical situation, and insure carrying out in good faith any obligations that have been entered into in good faith. I think we should give the same consideration to any moral obligation that would be expected in case of legal obligations.

Mr. POAGE. I am perfectly willing that you shall carry out the contracts, but do we understand that they can make new commitments between now and August 1 that will be binding?

Mr. STEAGALL. It applies only to those that accrue.

Mr. POAGE. It applies only to those that are now in existence, where the obligation has already been created and must be fulfilled between now and August 1?

Mr. STEAGALL. It is undertaking to validate any obligations or commitments that accrue down to that time.

Mr. POAGE. That is not today, that is a month from tomorrow. Does that mean that during the next month commitments can be made and they will be fulfilled?

Mr. STEAGALL. The limit June 15, 1943, applies to commitments.

Mr. POAGE. That is what I wanted to know.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. As I understand, under the conference report roll-backs are barred.

Mr. STEAGALL. As I have indicated and will further indicate as I proceed, that is true, but not entirely.

Mr. McCORMACK. For all practical purposes does not the conference report bring about the elimination of roll-backs and subsidies except to the extent of \$150,000,000?

Mr. STEAGALL. No, the gentleman is in error. The \$150,000,000 mentioned in the bill has reference to an entirely different matter, the purchase and sale of commodities. This provision does not apply to subsidy payments which have accrued prior to the 1st day of August. It does not apply to subsidy or other payments until the end of the current

crop season, other than milk and livestock and the products thereof, if the Government was committed to the payment of the subsidies or other payments on June 15, 1943. It does not apply to Government-owned wheat sold for feed, if sold at the parity price corn. It does not prevent adjustments in the maximum and support prices of competitive domestic vegetable oils and fats and oil seed required to bring about and maintain the necessary relationship in the price of such products necessary to secure necessary production for the war effort.

There is one further provision in the Senate bill that was incorporated in the conference report and not in the House bill to which I should like to call attention. If you will refer to subparagraph (c) under section 6 on page 3 of the conference report you will find this language:

Nothing contained in this section shall be construed to prevent the payment of all or any part of the purchase price or adjusted purchase price heretofore or hereafter paid or to be paid for such commodities sold to any governmental agency for governmental use.

Mr. HOPE. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from Kansas.

Mr. HOPE. Referring specifically to the so-called roll-back on butter and meat products, does this authorize the payment of any subsidy on either meat or butter after August 1?

Mr. STEAGALL. That is terminated as I have indicated.

Mr. HOPE. Does it permit obligating the Federal Government for any payments in the way of subsidies on meat and butter after June 15?

Mr. STEAGALL. August 1 is the time in which that authority would expire.

Mr. HOPE. What I want to get at is, between today and the 1st of August can any agency of the Federal Government obligate itself to pay subsidies on meat or butter?

Mr. STEAGALL. That is not the intent, unless it accrues prior to August 1.

Mr. LYNCH. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from New York.

Mr. LYNCH. Is it not a fact that under this conference report roll-backs and subsidies for processed meat and for everything else the people in the cities require for food are eliminated?

Mr. STEAGALL. As far as roll-backs and subsidies are concerned, that is true, within the limits of the provisions I have indicated.

Mr. LYNCH. So that no provision at all is made for the great mass of people living in the cities so that they might have a reduced cost of living through this Commodity Credit Corporation bill?

Mr. STEAGALL. I think the gentleman understands my answer to that.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. May I call the gentleman's attention to sub-

paragraph (c) which he has just read. Does that mean that when any concern such as a processor sells commodities to the Government there may be an adjustment of price in order to comply with the formula laid down in section 3 of the act of 1942?

Mr. STEAGALL. I do not know that I quite catch the gentleman's question.

Mr. AUGUST H. ANDRESEN. When the Government buys, say for the Army or the Navy or Lend-Lease, meat, for instance.

Mr. STEAGALL. Purchases for Government agencies for governmental use are excepted from this provision.

Mr. AUGUST H. ANDRESEN. It would then permit claims to be filed with the O. P. A. or the proper agency for some commodity that had been sold at a loss?

Mr. STEAGALL. I do not know just what situation you have in mind.

Mr. WRIGHT. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from Pennsylvania.

Mr. WRIGHT. Perhaps it is my fault, but it strikes me that there is confusion and a contradiction within section 6 between the various subsections of that section. In subsection (a) we have the broad language that no maximum price—and "maximum price," I take it, means ceiling price—shall be established for any agricultural commodity or anything processed therefrom below the support price to the producer. To my mind, that is a flat prohibition of all subsidies and all roll-backs. Then we get to subsection (b), where the policy against subsidies and roll-backs is announced, but with certain qualifications, with a permission to take care of the present Government commitments.

As I say, perhaps it is my lack of understanding, but I think when you read them together the two subsections do not mean anything. I wish the chairman would be kind enough to explain that to me and possibly to some other Members of the House who might experience a similar difficulty.

Mr. STEAGALL. I do not think there is any contradiction there. It simply says they cannot fix maximum prices below support prices.

Mr. WRIGHT. When you say you cannot fix a maximum price, that means that you cannot sell to the ultimate consumer at a price less than the price you pay the producer. In other words, that is a direct prohibition against subsidies or roll-backs and it is an all-inclusive provision. There are no qualifications, although there is an attempt to qualify in the later subsection.

Mr. STEAGALL. I do not think there is any question about the interpretation to be put on the language. The gentleman has indicated what the purpose of the legislation is. That is what we intend to do, within the limits of the exceptions.

Mr. CELLER. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. CELLER. Do I understand that the compromise involved in this confer-

ence report would sanction the Commodity Credit Corporation making incentive payments or subsidies already under way to increase production of articles like tomatoes, corn, beans, hemp, sugar, vegetable oils, and fats; that there is appropriated therefor \$150,000,000. Am I correct in that assertion?

Mr. STEAGALL. The gentleman is talking now about a provision in the conference report which was not dealt with by the House bill, as I indicated at the outset of my remarks. It will be remembered that in the original price-control bill there was a provision permitting subsidies and the purchase and sale of commodities where the administrator finds that maximum production of necessary products was not being had. The purpose of that is to secure and maintain adequate production for the war effort. That was in the original price-control bill. It should be said in this connection that that authority was limited to the purpose of obtaining necessary war production and, not to undertake to enter into discussions that are controversial, the fact is that nobody connected with the passage of that bill dreamed that it understood its purpose was to control inflation, or it was to obtain necessary production for war, and except as to that phase of the economy affected by increased production, the cost of living did not enter into the calculation.

Now, in this bill the Senate adopted what was known as the O'Mahoney amendment. The conferees amended that amendment so as to spell out again the authority contained in section 2 (e) of the original Price Control Act as it applies to food, and only as it applies to food.

Mr. CELLER. So that you still have incentive payments to increase production as to food; is that correct?

Mr. STEAGALL. Oh, yes.

Mr. CELLER. And what is the amount that is provided for that purpose?

Mr. STEAGALL. There is not any appropriation and there is not any limit as to the money that can be spent. The only limitation in the bill, the only fund mentioned is a limit upon the losses that may be sustained in connection with carrying out the food program. It does not deal with section 2, the buy-and-sell provision, except as it relates to the production of food, and it provides that it shall be under the control of the Food Administrator.

Mr. BLAND. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. BLAND. I just wanted to ask the gentleman one question. Does this relate to the noncompensatory cargo war-risk insurance or reduced freight rates for agencies such as the War Shipping Administration?

Mr. STEAGALL. I am not sure that it does.

Mr. BLAND. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include therein a letter addressed by the War Shipping Administration to the chairman of this committee, the gentleman from Alabama [Mr. STEAGALL]. This letter was identical

with the letter addressed to the chairman of the Committee on Banking and Currency in the Senate. The letter was written by Admiral Land, War Shipping Administrator.

The SPEAKER pro tempore (Mr. SMITH of Virginia). Is there objection?

There was no objection.

The letter follows:

JUNE 28, 1943.

HON. ROBERT F. WAGNER,

*Chairman, Banking and Currency
Committee, United States Senate.*

DEAR SENATOR WAGNER: The bill (H. R. 2869) to continue the Commodity Credit Corporation as an agency of the United States as it passed the House, contained section 6 prescribing certain prohibitions and limitations on payment of subsidies by the Government or any agency thereof with respect to agricultural commodities.

The bill as amended in the Senate contains in sections 5 and 6 amendments of comparable purpose.

Inasmuch as the activities of the War Shipping Administration were referred to in the course of consideration of the measure, and inasmuch as there may be some confusion and misunderstanding as to the application, or intended application, of the amendments in question to the activities of this agency in respect of providing war risk marine insurance at noncompensatory rates and in fixing freight charges for transportation of certain commodities lower than might otherwise be fixed on a commercial basis, it is deemed desirable to call the history of these matters to the direct attention of the conferees on the Senate amendments to the House bill.

The activities of the War Shipping Administration in furthering the maintenance of price control and in helping to bear part of the war cost of transportation have been explained on various occasions to the Congress and its committees. These activities may be summarized by stating that this agency in respect of marine insurance and ocean freight rates does not, in certain cases, charge sufficiently high rates to absorb all the war cost involved.

On July 20, 1942, the Honorable S. O. BLAND, Chairman of the Committee on the Merchant Marine and Fisheries of the House of Representatives, included in his remarks (CONGRESSIONAL RECORD, p. 6600 and ff.) the memorandum and correspondence relating to reduction of ocean freight rates on certain coal and petroleum products, reduction of war-risk insurance rates on coal and petroleum products, and lifting the war surcharges otherwise applicable to ocean freight rates between the mainland and the Territories and possessions.

The Congress had considered the problem of, and authorized, governmental assumption of wartime increases in transportation costs arising from marine war-risk insurance during the consideration of legislation which became Public Law 523, Seventy-seventh Congress, approved April 11, 1942.

The policies and activities of the War Shipping Administrator with respect to these matters were set forth in House Report No. 2572, Seventy-seventh Congress, on the bill H. R. 7424, and again in House Report No. 107 on the bill H. R. 133. This portion of the report reads as follows:

"The Administrator also performs very important functions in the conduct of the economic phases of our war effort, especially in connection with the battle against inflation. Freight rates established by the Administrator for ocean transportation and the insurance rates charged in connection with the insurance of vessels and cargoes have a direct bearing upon the cost of goods imported to the United States and exported to our allies or friendly governments. Under Public Law 523, Seventy-seventh Congress,

the Administration has authority to adjust its insurance rates in order to meet the economic, strategic, or military considerations of our war effort. Under its general operating authority, the Administrator may adjust his freight rates to conform to the same requirements. Under these powers, the Administrator has made insurance available at noncompensatory rates so as not to interfere with the price ceilings established by the agencies entrusted with the development of economic policy and so as to assist in the maintenance of satisfactory economic and political relations with our allies or friendly neutrals. Noncompensatory freight rates have also been provided where required by our economic or military needs. As a consequence, shippers or consignees of ocean-going cargo are not required to assume the full extraordinary cost of transportation resulting from the war effort. This cost, which largely represents war-risk insurance expenditures, extra cost of voyage delays resulting from convoy and black-out operations, the cost of crew bonuses and many other factors, in reality constitutes part of the cost of conducting the war and should properly be borne, at least to a large degree, by the taxpayers as a whole rather than by any group of shippers or consignees."

Most recently, during the hearings of the House Appropriations Committee on the national war agencies appropriation bill, 1944 (H. R. 2968), there was a full discussion concerning the noncompensatory cargo war-risk insurance and the reduced freight rates for the transportation of petroleum products and coal. (See hearings, pt. I, pp. 604, 640-643.)

It is our understanding from the text of the provisions in question and the debate in Congress, that these provisions are not designed and do not affect the policies and activities of this agency above discussed. There is, as was pointed out in the hearings of the national war agencies appropriation bill (p. 643), no actual payment of funds to anybody under these provisions. The revenues of this agency may be less than they might otherwise have been, but no payments are made from the appropriations of this agency in respect of the said activities.

However, inasmuch as the lowered rates fixed by this agency do apply to some agricultural commodities, particularly exports of food to Territories and possessions, if the conferees are of the opinion that the provisions in question apply to prohibit such lowered or noncompensatory rates by this agency or other agencies in respect of transportation or insurance, it is suggested that in connection with any language which may be adopted by the conferees, there be included a provision to the effect that nothing therein shall be construed to prohibit the payment of, or the absorption by, the Government or any of its agencies of the increased costs of transportation, including insurance, due to the war.

Sincerely yours,

E. S. LAND, Administrator.

Mr. STEAGALL. I do not think I have made this situation quite clear. We found that the Commodity Credit Corporation was making large purchases for the lend-lease program. It developed that there was no contractual understanding between the Commodity Credit Corporation and the lend-lease organization with respect to losses or expense of administration on the part of the Commodity Credit Corporation. So that it means that the Commodity Credit Corporation was keeping open shop for the purpose of supplying such commodities and goods as might be required for the lend-lease program, but any losses that might accrue to fall upon the Com-

modity Credit Corporation. We did not think that was sound practice, and so the bill as amended provided that the Corporation should be reimbursed all money expended and all losses if any and services performed. The provision is broader than I indicated to the gentleman from Virginia. It is section 8:

Full reimbursement shall be made to the Commodity Credit Corporation for services performed, losses sustained, operating costs incurred, or commodities purchased or delivered to or on behalf of the Lend-Lease Administration, the Army or the Navy, the Board of Economic Warfare, the Reconstruction Finance Corporation, or any other Government agency, from the appropriate funds of these agencies.

The language of the provision is clear as the gentleman will see.

Mr. McGRANERY. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. McGRANERY. The chairman read from page 3, section 6 (a) of the conference report:

No maximum price shall be established or maintained for any agricultural commodity, including milk and livestock and the products thereof, or for any other commodity, etc.

Would the effect of this be to wipe out the Office of Price Administration insofar as it regulates maximum prices?

Mr. STEAGALL. Not in the least. It simply adds a provision which would require observance of the support price of commodities announced by the Department of Agriculture. If that were not provided, we would be in the unthinkable position of having one Government agency support one kind of a price, or nullifying a price established by another agency of the Government. The provision would not create the situation suggested.

Mr. McGRANERY. The effect, if the chairman of the committee will permit, would be that the Office of Price Administration must, of necessity follow the recommendation as to the price of these products furnished by the Department of Agriculture.

Mr. CELLER. The War Food Administration.

Mr. McGRANERY. The War Food Administration.

Mr. STEAGALL. That is correct.

In reference to support prices announced by the Secretary of Agriculture or the War Food Administrator.

Mr. PACE. Will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from Georgia.

Mr. PACE. Does the gentleman intend to leave the impression upon the House that the War Food Administrator will have veto power over all prices of food commodities? I think that is the impression that is left with the gentleman from Pennsylvania who has just interrogated the chairman.

Mr. STEAGALL. No, I do not think that is correct.

Mr. PACE. Is not he acting in an advisory capacity rather than in the capacity of complete authority and if there is conflict then the decision must be made by Judge Vinson, who occupies that position?

Mr. STEAGALL. That is correct.

Mr. PACE. May I ask a further question? Will the Commodity Credit Corporation be permitted to carry on its normal operations regarding the support price program?

Mr. STEAGALL. Oh, yes.

Mr. PACE. It will not be crippled in that regard?

Mr. STEAGALL. Oh, no. That is made very clear.

Mr. SABATH. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from Illinois.

Mr. SABATH. Is it not a fact that section 6 makes it clear that you cannot under the provisions of section 6 place a ceiling on any commodity or livestock? This would, of course, affect over 20,000,000 of people who have not received any increase in their wages; this will bring about an increase in the cost of living that these people cannot stand, and I feel it would result in a great injustice.

We must take into consideration those people, the consumers of the Nation, and not only the few you are trying to protect by this program. I think it is an outrageous provision to say that no ceilings should be placed on any livestock or any commodity—that is, any agricultural commodity—and I feel it should be defeated.

Mr. STEAGALL. Of course, the gentleman is entirely in error in that both as to the language and the purpose of the bill. No such thing is undertaken, and no such thing is accomplished.

Mr. LYNCH. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from New York.

Mr. LYNCH. As I understand, the \$150,000,000 is authorized to be appropriated for roll-backs that have been already contracted for prior to July.

Mr. STEAGALL. The gentleman is entirely in error.

Mr. LYNCH. What is the \$150,000,000 for?

Mr. STEAGALL. The \$150,000,000 is the limitation of losses that may be incurred in connection with the food program authorized.

Mr. PACE. Mr. Speaker, will the gentleman yield for two questions?

Mr. STEAGALL. Mr. Speaker, how much time have I consumed?

The SPEAKER pro tempore. The gentleman from Alabama has consumed 29½ minutes.

Mr. PACE. Mr. Speaker, will the gentleman yield for a question?

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that I may proceed for 1 minute.

The SPEAKER pro tempore. The time of the gentleman from Alabama has expired, and the remaining time is under the control of the gentleman from Michigan [Mr. Wolcott].

Mr. WOLCOTT. Mr. Speaker, I yield the gentleman 1 minute.

Mr. PACE. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from Georgia.

Mr. PACE. The House has heretofore prohibited incentive payments. Section

6 of this bill will prohibit subsidy payments. Section 7 will prohibit support prices. How does the gentleman from Alabama calculate that we are going to feed this Nation next year?

Mr. STEAGALL. Of course, I do not agree with the gentleman's construction in regard to support prices. We even require the Price Administrator to support prices announced by the Secretary of Agriculture.

Mr. PACE. Well, certainly there is no question about the House voting this week to absolutely prohibit incentive payments. Certainly there is no doubt about section 6 of this bill prohibiting subsidy payments to anyone—farmers, processors, or anyone else. Then section 7 of this bill reads as follows:

SEC. 7. The first sentence of section 2 (e) of the Emergency Price Control Act of 1942 is hereby amended by inserting before the period at the end thereof a colon and the following: "Provided further, That the authority conferred by this section with respect to the buying, selling, storage, and use of commodities, and the authority conferred on the Secretary of Agriculture by section 4 of the act of July 1, 1941 (55 Stat. 498), as amended, shall, in the case of any commodity used for food purposes, be exercised only with the approval of the War Food Administrator created by Executive Order No. 9322, as amended, and only in such manner and upon such terms and conditions as he determines to be necessary to obtain the maximum necessary production of food to assure an adequate supply of food for the armed forces, for the essential civilian needs, and for carrying out the purposes of the act of March 11, 1941. Such authority to buy commodities used for food purposes shall include the power to buy them for the purpose of selling at a loss, but any such purchase for sale at a loss (1) shall be made only from the farmer at a price not less than the higher of the maximum prices provided in section 3 of Public Law 729, approved October 2, 1942, and not less than the support price therefor as announced by the Secretary of Agriculture or the War Food Administrator, or (2) shall be made in the open market at a price which will reflect such price (referred to in clause (1)) to the farmer; and no such purchase for sale at a loss shall be made for the purpose of reducing or rolling back any maximum price established under the provisions of the Emergency Price Control Act of 1942, as amended: Provided further, That the War Food Administrator shall not approve purchases for the purpose of selling at a loss, except those required to carry out any program (other than a roll-back program) announced prior to July 1, 1943; and such approvals shall not involve losses in a total amount in excess of \$150,000,000. The Government agency or corporation making such purchases shall dispose of the commodities purchased as soon as feasible through the regular recognized channels and functions of trade and distribution used in free and independent enterprise; but no such commodity shall be sold or disposed of by any governmental agency or corporation (1) at a price below the price limitations imposed by sections 3 (a) and 3 (c) of this act or section 3 of Public Law 729, approved October 2, 1942, or (2) contrary to the provisions of the last sentence of this subsection or the provisions of section 2 (f) of this act. No governmental agency or corporation shall buy any such commodity for the purpose of selling it at a loss except pursuant to the authority contained in this section."

Section 4 of the act of July 1, 1941, is what we commonly refer to as the Steagall amendment, and is certainly a most valu-

able provision of law, both for the Nation and the farmers. Under this section 4 the Commodity Credit Corporation is authorized to support certain prices to producers in order to secure increased production. This support can be either by loans or by purchase and sale programs. In many cases loans will not do the job and such purchase and sale programs are required. Naturally these often involve some losses.

This section 7 provides that these support-price programs which have been announced up to this date may be carried out with the total cost limited to \$150,000,000, but it appears, as I construe it, that this section expressly prohibits any such purchase and sale programs involving any loss for the 1944 crop. I think that would be a terrible mistake, to prohibit these programs in the future, and I do not believe the Congress really wants to do so.

Under my construction of the provisions of this bill I am unable to vote for this conference report. I just do not understand how we can tie the hands of the Food Administrator, not only limit his funds but prohibit him from conducting any of the programs so necessary to secure the food we must have to feed our citizens, our armed forces, and a good many of our brothers in arms, and still expect him to do a good job.

The SPEAKER pro tempore. The time of the gentleman from Alabama has expired.

Mr. WOLCOTT. Mr. Speaker, I yield myself 15 minutes. I think you will find by reading the conference report, that there is preserved in the language of the bill all of the prohibitions against the payment of subsidies for the purpose of reducing maximum prices and for rolling rack prices.

We recognized that certain of these subsidy payments have accrued. To cut the date on which these accruals might have been paid off at the enactment of the bill, it was pointed out, might work some hardships, so we have given the agencies of the Government 30 days in which to liquidate and pay the subsidies which have accrued.

Following the enactment of the bill there can be no further commitments. So what it virtually means is that, should the President sign the bill tomorrow, or tonight, they have until August 1 to pay the subsidies which have accrued from the date on which the subsidy was announced up to the date of the enactment of the bill. But assuming that the President does not sign the bill for another week or 10 days, we still have a limitation in here that they cannot continue the program which has already been announced beyond August 1.

We provide also—and this is material, because many questions have been asked in respect to it—that any program that has been announced for canning vegetables, frozen vegetables, agricultural products preserved in brine, and any program that was announced before June 15 may continue throughout this crop year. That was necessary because some of the canners have agreed to take the crops at a certain price, and also necessary because the Commodity Credit Corporation

has agreed to subsidize the increase in wages which was recently given to workers in canning factories; but beyond this crop year they can pay no subsidies for such purpose.

We have provided in section 7 of the act, which is a modification of the so-called O'Mahoney amendment, a limitation on section 2 (e) of the Price Control Act; and let us understand very definitely that section 7 applies solely to subsidies or other payments made under the provisions of section 2 (e) of the Price Control Act. Subsidies can be made under section 2 (e) of the Price Control Act by the Price Administrator when he determines that the maximum necessary production of any commodity is not being obtained; in other words, he is authorized at the present time to pay subsidies to obtain the maximum amount of production of any commodity. We limit that authority in section 7 by stating that when it is found necessary to subsidize food products the program, if he is to do it, must have been laid out before tonight at 12 o'clock, and even then it is limited to \$150,000,000.

Let me say in respect to the question asked by the gentleman from Georgia of the chairman that this does not in any manner affect any support price program because there are no support price programs under 2 (e) of the Price Control Act and if he will refer to section 6 of the act on page 3 of the conference report he will find this language:

SEC. 6. (a) No maximum price shall be established or maintained for any agricultural commodity, including milk and livestock and the products thereof, or for any commodity processed or manufactured in whole or substantial part from any agricultural commodity, below a price which will reflect to the producers thereof, a price below the support price therefor as heretofore or hereafter announced by the Secretary of Agriculture or the War Food Administrator, nor a price below the higher of the maximum prices provided in section 3 of Public Law 729, approved October 2, 1942.

It is true that with the adoption of section 7 the Price Administrator or the War Food Administrator could not develop and announce and effectively put into execution a plan to subsidize support prices under the Price Control Act. They would be forced to increase the prices to absorb the differences. Applying that to a specific case, the support price of butter is 46 cents; the parity price of butter is 41 cents. We have specifically provided in this bill that no maximum price shall be set below the support price, which is 46 cents, and we prevent the rolling back of the price of butter from 46 cents, the support price, to 41 cents, the parity price. It is provided that that shall be taken care of by increasing the price so the producers will get their support price not by way of subsidy or roll-backs or out of the Treasury of the United States but by an increase in prices.

Mr. PACE. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. PACE. I wish I could follow the construction of the gentleman, but he will notice at the bottom of page 3 that the limitation of support prices is not

confined to section 2 (e) but goes further and states:

And the authority conferred on the Secretary under section 4 of the act of July 1, 1941—

Which is the Steagall amendment under which the Commodity Credit Corporation is now operating about 30 support price programs; and, therefore, for 1944 those programs not having been announced on July 1 of 1943, they will all be prohibited.

Mr. WOLCOTT. They are supporting them by buying and selling.

Mr. PACE. By buying or selling. It will absolutely annihilate the program under the support price theory.

Mr. WOLCOTT. It is not my understanding that the section will interfere with any support price programs because instead of supporting those prices by a subsidy they will support them by increasing the price to the consumer.

Mr. SABATH and Mr. HOPE rose.

Mr. WOLCOTT. Mr. Speaker, I yield first to the gentleman from Kansas.

Mr. HOPE. I wanted to ask the gentleman whether this amendment would affect any program similar to those which are in effect now with the exception of the roll-backs on butter and meat.

Mr. WOLCOTT. I do not know of any programs that are in effect at the present time which are not roll-back programs. The only programs which I know which have been announced which might have been announced under section 2 (e) are the butter program and the meat program. These are roll-back programs. The coffee program has not gotten to the point where it has been announced, and because we prohibit the payment of roll-backs this section would not apply; unless, therefore, a program is announced under 2 (e) previous to 12 o'clock tonight this does not apply anyway.

Mr. HOPE. Under this provision it would be possible next year, would it, for the Secretary of Agriculture to announce price support programs and for the Commodity Credit Corporation to carry them out as it has carried out such programs during this current year?

Mr. WOLCOTT. Yes; and then the only prohibition would be that they could not subsidize those support prices. They would have to increase the maximum price under section 6 (a) to offset it, in other words, if the existing price of butter was 46 cents and a new support price of 48 cents was announced they could not subsidize the other 2 cents—they would have to increase the price of butter 2 cents to absorb it.

Mr. HOPE. One further question on that point, if the gentleman will permit: That does not apply, however, to subsidies on fats and oils, as I understand.

Mr. WOLCOTT. It does not apply to competitive domestic vegetables, fats and oil seeds.

Mr. HOPE. The programs such as we have now will be carried on as they are now?

Mr. WOLCOTT. The gentleman is correct.

Mr. AUGUST H. ANDRESEN. Will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. Will the gentleman explain the meaning of paragraph (c) of section 6 on page 3?

Mr. WOLCOTT. That is to protect the packers in certain actions or claims which they have pending. I interpreted the language of the amendment which I introduced here on the floor of the House to include that, because I considered that these claims would have accrued and that if the subsidies had accrued then they would have a cause of action against the Government for them. In the Aiken amendment this language was in here. It was more specific. It is in there specifically for the purpose of protecting any claim which anyone may have against the Government growing out of the accrual of subsidies. That was put in there designedly and specifically for that purpose.

Mr. AUGUST H. ANDRESEN. In the adjustment of prices or sold below the support price?

Mr. WOLCOTT. That is right.

Mr. WRIGHT. Will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Pennsylvania.

Mr. WRIGHT. Does not the gentleman think there is a contradiction between subsection (a) and subsection (b) of section 6, inasmuch as subsection (a) is a sweeping prohibition against any subsidies, and subsection (b) is a prohibition against subsidies but also has a qualification? I cannot read the language of the two subsections together and make up my mind what the law is.

Mr. WOLCOTT. Subsection (a) has to do with maximum prices, and subsection (b) has to do with subsidies.

Mr. WRIGHT. Subsidies are the way you regulate your maximum prices?

Mr. WOLCOTT. No.

Mr. WRIGHT. If you are going to have a maximum price which is less than your supporting price, it is done by subsidy?

Mr. WOLCOTT. If you take the language of the House amendment, you will have subsection (a) following the prohibition against subsidies. The only difference is we have split them up and called them (a) and (b) and (c). Instead of making one long sentence, we state there is no subsidy to be paid, then we say that the maximum price shall not be below these standards to absorb the differential which will be reflected in the subsidies.

Mr. WRIGHT. All of these incentive payments and subsidies are going to be transferred to the consuming public under this plan?

Mr. WOLCOTT. Let us make ourselves clear. I will not answer "Yes" or "No" without saying that we have not disturbed in this bill any of the subsidy or incentive-payment programs which are authorized for the purpose of increasing production.

Mr. COOLEY. Will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from North Carolina.

Mr. COOLEY. I would like for the gentleman to explain to the House how

the supporting programs of the future will be operated.

Mr. WOLCOTT. By increase in prices.

Mr. COOLEY. By increase in prices. So the chairman's answer to my question a moment ago regarding the effect of the normal operations of the Commodity Credit Corporation in the future being the same as in the past was not entirely correct, as I understand the gentleman.

Mr. WOLCOTT. Of course, a supporting price may be below or above parity. I can understand where, if the supporting prices is below parity, then, in order to encourage maximum production, they might be authorized to subsidize perhaps up to parity. If it is above that, they will have to increase the price.

Mr. COOLEY. Does this act permit that to be done?

Mr. WOLCOTT. Yes.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. WOLCOTT. Mr. Speaker, I yield myself 2 additional minutes.

Mr. Speaker, this bill authorizes a continuance of the support program. The only difference will be that unless the support program is for the purpose of obtaining the maximum amount of production, then the price must be raised. If the subsidy or if the support price is put on there to obtain a maximum amount of production, then they may subsidize under existing law.

Mr. COOLEY. You do not disturb that operation?

Mr. WOLCOTT. No, sir; very definitely we do not.

Mr. SABATH. Will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Illinois.

Mr. SABATH. Is it not a fact that under section 6 the sky will be the limit as to prices of all farm commodities?

Mr. WOLCOTT. No. If the President or the Price Administrator wants to take the ceilings off, they may, and if they do, they assume responsibility for runaway inflation. Take butter, for example. There is no more reason why they should raise the maximum price on butter from 46 cents to \$1 merely because of this bill than that they set it at 46 cents in the first place. They have the authority to maintain that just where it is, at 46 cents. The only difference in your cost—and let this be understood—I repeat, the only difference in your cost of living which will result from the enactment of this bill as it is written now and the subsidy program of the O. P. A. is the amount that they roll back butter and meat products. In respect to butter, it will be a maximum of 60 cents a year, because that is all the butter you can buy, 12 pounds of butter at 5 cents a pound.

Miss SUMNER of Illinois. Will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Illinois.

Miss SUMNER of Illinois. The language is very obscure in section 6. I would like to know what you mean with respect to the butter program. When does the roll-back take place under this bill?

Mr. WOLCOTT. I think it is only fair to assume that in respect to butter and meat products that they can continue these subsidies until August 1, but they must be liquidated in full on August 1.

Miss SUMNER of Illinois. Does it mean that after August 1 they have to raise the price to take care of that?

Mr. WOLCOTT. Yes; that is right.

Mr. STARNES of Alabama. Will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Alabama.

Mr. STARNES of Alabama. I would like to invite the gentleman's attention to section 8 and ask him whether or not it was intended by that language to nullify the action of the Congress heretofore taken in prohibiting the payment of subsidies out of the Army and Navy and lend-lease fund?

Mr. WOLCOTT. No; this does not affect that.

Mr. STARNES of Alabama. No such intention whatever?

Mr. WOLCOTT. Does the gentleman mean section 8?

Mr. STARNES of Alabama. Yes.

Mr. WOLCOTT. No. That merely provides for reimbursement where the Commodity Credit Corporation is used as the agency.

The SPEAKER. The time of the gentleman has expired.

Mr. WOLCOTT. Mr. Speaker, I yield such time as he may desire to the gentleman from Michigan.

Mr. WOODRUFF of Michigan. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and I also ask unanimous consent that my colleague from Michigan [Mr. BRADLEY] may be permitted to extend his own remarks in the RECORD and to include therein a radio address.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan [Mr. WOODRUFF]?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. WOLCOTT. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. PATMAN].

COMMODITY CREDIT ACT EXTENSIONS

Mr. PATMAN. Mr. Speaker, all during the depression when unusual laws were passed, and during this war, the Congress has carefully guarded these laws by placing an expiration date on them or providing they should expire on the passage of a concurrent resolution or 6 months after the end of the war, or in some way has caused these laws to expire upon the happening of a certain event or at a certain time.

The Commodity Credit Corporation Act happens to be one of the laws passed during the depression. It expires tonight at midnight unless it is extended by Congress. This proposal is to extend the Commodity Credit Corporation Act for 2 more years and to provide \$750,000,000 additional to be used by that Corporation.

The Senate passed a bill and the House passed a bill providing for this exten-

sion. There is not a great deal of difference between the two bills. The conferees did not have much in conference to discuss or to change. Consequently, the bill that is before you now on this conference report is one that I personally would not favor if it were in an original bill on the floor of the House for passage, but the situation is such that we must vote for the conference report to extend the life of the Commodity Credit Corporation. We must legislate, we must do something. We cannot see this Corporation's life expire. In that situation, there is nothing left for us to do but approve this conference report.

VETO POSSIBLE

It would not surprise me if the Chief Executive vetoed this bill. If he did, his action would be consistent with his statements in the past. He has told Congress that if some other method was desired to prevent inflation to suggest it and it would be perfectly all right, but we are in the attitude of stopping subsidies and roll-backs without offering any other alternative whatsoever.

CONGRESS VULNERABLE

I personally believe this Congress is in a very vulnerable position for the reason that we have not done anything to siphon off excess purchasing power or otherwise effectively act to prevent inflation. Mr. Chester Davis called attention in his letter of a few days ago to the fact that we could not successfully administer subsidies in this country as they do in England and Canada because in those countries tax laws have been passed that siphon off a sufficient amount of the excess purchasing power so that the price-control problem is not a major one. Mr. Davis was exactly right, except I believe in some cases subsidies can be used to keep down the cost of living. The President in answering him called his attention to the fact that he has consistently and persistently called upon Congress to pass tax laws that would siphon off this excess purchasing power, but Congress has failed to do it.

The reason I say Congress is vulnerable is that, first, we have not siphoned off the excess purchasing power to protect the value of money and prevent runaway inflation, and, next, we are opposing things that the Executive wants, like subsidies, roll-backs, and things like that, which it is insisted can be used on certain commodities in certain ways to hold down inflation; yet we are offering no alternative whatsoever.

Further, the O. P. A., the only agency in existence that has for its purpose the keeping down of prices and price control, we crippled and injured seriously and retarded its effectiveness, if we did not destroy it, when it came before the House and we cut out a substantial part of its appropriation. Not only that, the Domestic Division of the O. W. I. has gotten up a coordinated and well-planned program to warn the people of the nature and dangers of runaway inflation, but we abolished that division entirely when the bill was in the House.

So, as far as the record is concerned, this Congress looks like an inflationary Congress.

I do not believe any Member of this Congress would advocate inflation. I think we are all opposed to it. Yet we are not doing a thing to stop inflation, we are doing the things that permit and in fact cause inflation. The people of this country must be warned and must be told that it is necessary for them to pay another dollar in taxes to protect the other dollar they have left in their pockets. If they do not, the \$2 will not be worth 10 cents in the future.

Mr. BALDWIN of Maryland. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Maryland.

Mr. BALDWIN of Maryland. The gentleman just stated that we had provided no way to drain off the excess purchasing power of the consumer, to stop inflation. How does the gentleman believe we would accomplish that fact by further subsidizing the consumers, if their purchasing power should be drained off?

Mr. PATMAN. I am not advocating subsidies and I am not advocating roll-backs, but sometimes you have to take something bad to keep from taking something worse. In some cases subsidies can be used to keep down the cost of living.

I am inserting herewith a copy of the letter from the Honorable Chester C. Davis, Food Administrator, to President Roosevelt, which was published June 28, 1943, in which Mr. Davis offered his resignation. It is as follows:

DEAR MR. PRESIDENT: Some time at your convenience I should like to discuss fully with you the future direction of the food program. After I have completed two undertakings I should like to be relieved of my present responsibility. The two unfinished jobs that I should carry further before leaving are:

1. Rounding out and announcing the general 1944 food-production program; and
2. Holding three meetings in New York, Chicago, and San Francisco that are essential in launching the broad food educational program.

These major programs should be well shaped up and under way before the middle of July.

Two main causes have brought me to the reluctant conclusion that I will not be able to serve you satisfactorily in my present capacity.

1. I find that I have assumed a public responsibility while the authority, not only over broad food policy but day-to-day actions, is being exercised elsewhere.

2. You must have in my position a man who can wholeheartedly advocate and defend the program of broad general subsidies you announced on June 15. I cannot do this for the reason that I do not believe such subsidies will be effective in controlling inflation unless they are accompanied here, as they are in England, by current tax and savings programs that drain off excess buying power, and by tight control and management of the food supply. We do not have in this country anything approaching these conditions.

Respectfully yours,

CHESTER C. DAVIS.

I am also inserting herewith President Franklin D. Roosevelt's Reply to Mr. Davis. It is as follows:

THE PRESIDENT

DEAR CHESTER: I have given a good deal of thought to your letter of June 16, and your request to be relieved of responsibility for the future direction of the food program.

No one appreciates more than I do your ability in dealing with agricultural matters.

But I am sure that you will agree with me that effective teamwork is absolutely necessary.

Before the Office of Economic Stabilization was established, differences as to prices and wage policies from time to time arose between the various war agencies which frequently had to be brought to me. The act of October 2, 1942, directed me to stabilize the cost of living so far as practicable on the basis of the levels prevailing on September 15 and authorized me to exercise my authority through such department, agency, or officer as I might direct.

Under that act, and before you accepted the office of Food Administrator, I set up the Office of Economic Stabilization and authorized the director, among other things, to resolve disagreements which might arise between the Food Administrator and the Price Administrator and to issue to them policy directives. If we are to stabilize all prices we must place the final responsibility in one official. I know of no better method of coordinating the work of the Food Administrator and the Price Administrator, although that method does require a willingness on the part of both administrators to accept the decisions of the stabilizing director. The country realizes that stabilization applies not only to food but to many other things, such as rent, clothing, and wage decisions. The broad objective is, of course, to prevent the cost of living from spiraling upward and the purchasing power of the dollar from spiraling downward.

I agree with you that we cannot fully or effectively enforce our price or rationing programs, or fully or effectively stabilize the cost of living, without an adequate tax and savings program to drain off the excess purchasing power. I have emphasized that fact in my budget message, in my statement on the hold-the-line order, and on other occasions.

HOLDS TO SUBSIDY PROGRAM

But because the Congress has not yet provided the tax legislation I have requested I cannot sit back and fail to advocate other measures, such as limited consumers' subsidies, which I am convinced can help to prevent the cost of living from getting completely out of hand. Of course you know that I also favor and have advocated such support programs and incentive payments to producers as will enable us to obtain the necessary war production.

I think you will also realize that I did not announce a program of broad, general subsidies at my press conference on June 15. I stated my views on limited subsidies in order to maintain farm prices and hold down consumers prices, and stated my willingness to give full and sympathetic consideration to any program which would accomplish these two ends. None has been offered me.

I am truly sorry that you feel unable to continue as Food Administrator subject to the coordinated controls which I have established and which I believe essential for the proper functioning of our war effort. But it would be unfair to you to insist that you remain in your position when you feel that, all things considered, you cannot wholeheartedly support a program to hold down the cost of living.

There can be no disagreement on the program for 1944, which you recently discussed with me. Everybody is agreed that far greater efforts must be made to increase production next year.

However, the result of such a program for crop maturing in 1944 will not make itself felt until at least a year from now. What I am concerned with is the objective of keeping the cost of essential foods down for the next 12 or 14 months. That, it seems to me, is of immediate concern to the country. The pay envelope of tens of millions of our citi-

zens will not compensate them for great increases in their food bills.

In regard to the program for next year, I do not think that it would be advisable for you finally to determine and announce it. Whoever takes over as Food Administrator would then be called on to administer a program which he had no part in determining. That would really be a case of dividing authority.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

It will be noticed that Mr. Davis insisted that the reason he did not believe a program of broad general subsidies would work was because we do not have in this country a current tax and savings program that would drain off excess buying power as they have in England. It should be noted, however, that President Roosevelt was merely trying to do something, since Congress had failed or refused to carry out his program, that would siphon off the excess purchasing power. It should be noted that President Roosevelt said "Effective team work is absolutely necessary."

It occurs to me that Mr. Davis should have resigned from his position with the Federal Reserve bank in St. Louis, which pays him an annual salary of \$25,000 a year. If he had resigned from that position, he would probably have been more cooperative and engaged in a more sympathetic way in the effective team work that President Roosevelt says is absolutely necessary.

NO COMPLIMENT TO MR. DAVIS

The Honorable Jimmie Byrnes and the Honorable Fred Vinson resigned from lifetime positions to take thankless and difficult jobs. They are to be commended for burning their bridges behind them and getting on the President's team to do a real job in wartime. If Mr. Davis had resigned from his position doubtless he would have had more incentive to work on the team and have been more considerate of the wishes of the Chief Executive. Mr. Davis' leaving as he did is not a compliment to him. The War Production Board and many other governmental agencies have dollar-a-year men who have been big executives in the biggest corporations in the country. They maintain their positions with the corporations that they represent and receive fabulous annual salaries. Naturally they, too, have less incentive to faithfully work on the team than one who has severed all connections. It is doubtless easy for such a person to find fault, demand more power, and finally quit and leave town if he cannot get everything that he wants. A serviceman who is inducted for \$50 a month cannot throw off his patriotic responsibility in such an indifferent fashion.

Possibly Donald Nelson's job has been more difficult for that reason, but I am sure that the number of men who have caused trouble for these reasons is very small, as the War Production Board has done a wonderful job which could not have been done without the aid and effective assistance of these executives of proven ability of big business.

While we should not restrain ourselves in deservedly criticizing one who leaves the Government's service in wartime in a huff without an adequate excuse or reason, we should at the same time give

full credit to that other large group composed of men and women who are patriotically rendering a fine service for our country in time of war without compensation or for a very small amount of compensation, and at the same time sacrificing comforts and pleasures to endure hardships and inconveniences in order to render the service.

It will be noted in the President's reply that Congress asked him to stabilize the cost of living as of September 15, 1942. This he has been trying to do. Attention is invited to the text of the President's reply to Mr. Davis. It discloses that he has tried to get Congress to do something about inflation by adopting an effective tax and savings program to drain off excess purchasing power, but Congress having failed to carry out his recommendations, he could not sit back and fail to advocate other measures, such as limited consumers' subsidies, which he was convinced would be of help in keeping down the cost of living and keeping prices from getting completely out of hand.

Mr. WOLCOTT. Mr. Speaker, I yield such time as he may desire to the gentleman from Ohio [Mr. SMITH].

(Mr. SMITH of Ohio asked and was given permission to revise and extend his remarks in the RECORD.)

Mr. SMITH of Ohio. Mr. Speaker, I notice the conferees have brought back to the House a report containing a provision for auditing by the General Accounting Office the financial transactions of the Commodity Credit Corporation. The language of this provision is substantially the same as that contained in the amendment I offered last Friday, when this bill was up for consideration in the House, which was voted down, with the exception of a clause that was not contained in my amendment, and which I consider very objectionable.

The clause I refer to is to be found in subsection (b) of section 3, which reads:

And shall not be made until the Corporation and the Secretary of Agriculture shall have had a reasonable opportunity, not to exceed 90 days, to examine the report, point out errors therein, explain or answer the same, and file a statement which shall be submitted by the Comptroller General with his report.

It is my understanding this language or language similar to it is to be found in only one other Federal statute, namely, Tennessee Valley Authority.

What possibly could be the purpose of this provision? Let us suppose the Comptroller General makes an audit of the financial transactions of the Commodity Credit Corporation that does not suit this agency or the Department of Agriculture. These two bodies would then make what in effect would be their own audit. The two audits would then be submitted to the Congress. Which one would the Congress accept? That of the Comptroller General or the Commodity Credit Corporation and Department of Agriculture?

The work of auditing financial transactions is a highly specialized vocation. Certainly few men in Congress are fitted to offer scientific criticism of an audit made by the Comptroller General's office

of the transactions of so large a business affair as that of the Commodity Credit Corporation. It is hardly likely, therefore, that should two different reports be submitted they will receive anything but political consideration from the House. The Department of Agriculture and Commodity Credit Corporation will be sure to have their friends to support them in their position. To the degree this would be done the true audit will be weakened. How possibly can this be questioned?

I cannot conceive any other reason for putting this provision in the law than to provide an opportunity for this agency to doctor up its books.

Furthermore, if this language is permissible with respect to Commodity Credit, then why should it not be applied to all the other Federal agencies?

According to Senate Document No. 172, part 2, Seventy-sixth Congress, third session, there are 15 New Deal agencies not subject to audit at all and 5 partially subject to audit. Following is a list of those partially subject to audit and those not subject to audit:

PARTIALLY SUBJECT TO AUDIT

First. Commodity Credit Corporation.
Second. Federal Farm Mortgage Corporation.

Third. Federal Savings and Loan Insurance Corporation.

Fourth. Home Owners' Loan Corporation.

Fifth. Tennessee Valley Authority.

NOT SUBJECT TO AUDIT

First. Banks for cooperatives.

Second. Disaster Loan Corporation.

Third. Federal Deposit Insurance Corporation.

Fourth. Federal home loan banks.

Fifth. Federal intermediate credit banks.

Sixth. Federal land banks.

Seventh. Federal National Mortgage Association.

Eighth. Federal Savings and Loan Association.

Ninth. Inland Waterways Corporation.

Tenth. Panama Railroad Company.

Eleventh. Production credit corporations.

Twelfth. Reconstruction Finance Corporation.

Thirteenth. RFC Mortgage Company.

Fourteenth. Regional Agricultural Credit Corporation.

Fifteenth. Tennessee Valley Associated Cooperatives, Inc.

Since the financial transactions of Commodity Credit are to be subjected to audit it may be expected these other agencies will also, in due time, be placed under audit. Will each one of them not be here clamoring for the same provision for fixing its books as the one contained in the bill before us? Certainly that may be expected. And what is to prevent all the other agencies of the Government which are subject to true audit from coming to Congress and asking for the same exemption as we are here granting to Commodity Credit Corporation?

I conceive this to be a viciously corrupting piece of legislation and as having in it the possibility of finally completely destroying the value of the General Accounting Office as regards the

financial transactions of the various Federal agencies.

Mr. WOLCOTT. Mr. Speaker, I yield the balance of my time to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Speaker, I agree with a good deal the gentleman from Texas [Mr. PATMAN] said in addressing the House; at least in his conclusion that the House will have to share the responsibility if there is increased inflation in America, and apparently that is inevitable. We are skating on very thin ice and should take some constructive action before we recess.

I believe the House was correct in turning down the request of the President for the roll-back on meat, butter, and coffee and subsidies on farm commodities, because a vicious circle would have been started which would have cost the Government two or three billion dollars a year. On the other hand, I do not know whether or not the President will veto this Commodity Credit Corporation bill; but, whether he does or not, I do know that he will blame Congress, because he has already said so, for any more inflation. He made a public statement to that effect within the last week. Consequently, I am proposing the following resolution, which I hope will be adopted and I believe certainly should be adopted before we take a recess within the next few days:

Resolved, That the Speaker be, and he is hereby, authorized to appoint a committee of seven Members of the House to study prices, wages, and rents and all matters connected with inflation, to sit during the session of the House or any recess thereof, and to report back to the House with recommendations for legislation by September 15, 1943.

Not only have we a right, but we have a duty to legislate. I think we will not be fulfilling that duty if we take a recess for 2 months and do nothing about this vital issue affecting all of the millions of consumers, particularly after we turned down the recommendations of the President for further price control. Therefore I am asking action by the Committee on Rules and the House to appoint a special committee to study the whole question of inflation and price control, adopt a policy or program, and report to the House by September 15.

Mr. COOLEY. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield.

Mr. COOLEY. I call the gentleman's attention to the fact that the House unanimously adopted the Fulmer resolution which authorizes the House Committee on Agriculture to thoroughly and completely investigate the subject the gentleman is discussing.

Mr. FISH. Oh, no. This resolution is far more comprehensive than dealing with farm prices. This goes into the question of prices, wages, rent, and the whole inflationary spiral.

Mr. COOLEY. Of course, the Fulmer resolution does not embrace rents.

Mr. FISH. Nor does it take in wages. This takes in wages, prices, and the whole question of inflation. I think it is our duty to do it before we recess. We must do it since we refused the administration's request for subsidies and roll-

backs. I believe we are able and competent to place checks and limits on future inflation in the House of Representatives. We have a right to do it and it is our duty to do it without evasion or delay. This is our opportunity. If this resolution is adopted, then I believe we can afford proper and adequate relief to millions of consumers, to those on fixed incomes, to the white-collar class, to dependents of veterans and disabled veterans, to the firemen and policemen, to civil-service employees and those receiving pensions, and to all wage earners. Something of this kind must be done and done at once or the Congress will be properly blamed for evading the issue and voting to take a recess regardless of the consequences of higher costs of living and inflation.

Mr. Bernard Baruch was right in 1940 when he suggested and urged placing ceilings on everything, including wages. The administration muffed the ball and by halfway measures and half-baked ones have added confusion and uncertainty instead of nipping inflation in the bud. Mr. Baruch is one of the ablest thinkers in America and has more vision than all the bureaucrats and brain trusters combined and far more practical experience and knowledge. His cooperation and suggestions for curbing inflation should be sought by the special committee.

The SPEAKER. The time of the gentleman has expired.

Mr. WOLCOTT. Mr. Speaker, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. Gross].

Mr. GROSS. Mr. Speaker, I think the House and the country has a perfect right to question the President's sincerity in asking for a program in view of the fact that he has refused Chester Davis the privilege of coming to the White House to discuss a food program.

I ask unanimous consent to revise and extend my remarks and include therein an article by George E. Sokolsky appearing in the Philadelphia Inquirer.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

ADMINISTRATION REMAINS INCOHERENT IN CRISIS

(By George E. Sokolsky)

A farmer sends me a photostat of a document entitled "War Production Program—1943 Farm Plan." This is issued by the United States Department of Agriculture, Agricultural Adjustment Agency, and tells a farmer how much he can grow. These instructions are for this summer, when we are all being told that there is a shortage and we are all being propagandized to plant Victory gardens—although we are not being given gasoline to reach these aforementioned areas of agricultural provisioning.

This particular farm consists of 98 acres. The crop land consists of 74.5 acres. The farmer who ran this acreage in 1941 was permitted to plant 15 acres of wheat. His measurement was inaccurate or the sun, rains, and hard work blessed him and when the crop was harvestable, lo and behold! he had produced 19 acres of wheat. He was fined \$198 for producing.

CROPS RESTRICTED

In 1943, although he can use 74.5 acres, he has been allotted 20 acres of wheat, 4 acres

of alfalfa, and 10 of potatoes—and no more. For this, he will receive a "production practice allowance of \$40.87." If he grows more, he will be in trouble. There is also a provision which reads, "An additional \$15 may be earned by planting two acres of forest trees." Who wants forest trees when we need to eat potatoes? That man could plant the whole of his 74.5 acres if he could get farm labor, machinery, and gasoline to do it.

Now, I want to ask what is the sense of such restrictions? What good do they do us? What sense does it make to have any restrictions on agricultural production at all when there is such pressing need for more and more food?

INDEX TO WEAKNESS

This particular instance is an index to the weakness of Mr. Roosevelt's administration. It never gets organized. It works at cross purposes. It is so personalized that a bureau functions without regard to the necessities of the moment simply because it will not stop functioning when it is no longer needed.

The War Labor Board is another example of administrative maladroitness. Mr. Roosevelt actually faced two strikes, one on the part of John L. Lewis, the other on the part of the War Labor Board which took the position that if Harold Ickes made a sane and businesslike settlement of the coal strike, it, the War Labor Board, would resign in a body. In other words, nothing mattered but that this Board's face be saved.

Our mandarins are worse than the Chinese mandarins; the Chinese variety sometimes removed themselves from impossible situations by committing suicide as a service to their people. Our mandarins will not remove themselves from a public job no matter what happens to the country. Once they get on the public pay roll they hang on for dear life unless the corporations they have been attacking hire them away.

A couple of weeks ago the country thrilled to the thought that all this was to be corrected, that Byrnes, advised and assisted by Baruch, would put an end to these bureaucratic monkeyshines, that they would streamline administration. The weeks are passing but nothing is being done along these lines. No obstructions to efficient management of the country's business have been removed.

REORGANIZATION BARRED

I do not question the ability of either Byrnes or Baruch; but they are not being permitted to hire and fire, to reorganize, consolidate, amalgamate, and cut out the administrative nonsense that is distressing and perturbing this Nation.

Gov. Tom Dewey is standing out in front of the Republican parade because he is attacking the one dread evil which the whole American people is now recognizing—administrative incoherence. The people know that the administration is cockeyed. They still do not blame Roosevelt, because they say he is busy with the war, but any student of public opinion can recognize that what Tom Dewey says about the management of our business is making a deep impression upon a long-suffering, loyal, and patriotic people.

Mr. WOLCOTT. Mr. Speaker, I yield the balance of the time to the gentleman from Massachusetts [Mr. Gifford].

Mr. GIFFORD. Mr. Speaker, it is a strange doctrine that this bill will bring about inflation. Is it not better for the consumer to pay a higher price now and drain off some surplus funds rather than to force the Treasury to borrow money, and the consumer to have to pay it back later on at a time when he does not make such good wages? This is largely the issue. As we have heretofore stated, during the last 2 years wages have

gone up 40 percent, living costs 24 percent. Reasonable increases in the cost of food are to be expected. The comments of the President endeavoring to blame us for a degree of inflation by this particular act does not hold water.

Mr. STEAGALL. Mr. Speaker, I move the previous question on the adoption of the conference report.

The previous question was ordered.

Mr. SMITH of Ohio. Mr. Speaker, I have a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. SMITH of Ohio. I am, in its present form, Mr. Speaker.

The SPEAKER. The Clerk will report the motion offered by the gentleman from Ohio.

The Clerk read as follows:

Mr. SMITH of Ohio moves that the conference report on H. R. 2869 be recommitted to the committee on conference with instructions to the House conferees that the language contained in section 3 (b) be stricken out and that the following language be inserted in lieu thereof:

"(b) The financial transactions of the Corporation beginning with the period from July 1, 1943, shall be audited by the General Accounting Office (in accordance with the principles applicable to commercial corporate transactions) and under such rules and regulations as may be prescribed by the Comptroller General of the United States: *Provided*, That the Corporation shall continue to have the authority to make final and conclusive settlement and adjustment of any claims by or against the Corporation or the accounts of its fiscal officers: *Provided further*, That a report of such audit shall be made to Congress, together with such recommendations as the Comptroller General may deem advisable, and that each such report shall cover a period of 1 fiscal year: *Provided further*, That a copy of each such report shall be furnished the Secretary of the Treasury and that the findings contained therein shall be considered by the Secretary in appraising the assets and liabilities and determining the net worth of the Corporation, under sections 1 and 2 of the act of March 8, 1938 (52 Stat. 107), as amended: *Provided, however*, That nothing in this section shall be construed as modifying legislation authorizing the use of funds of the Corporation for administrative expenses and requiring accountability therefor."

Mr. STEAGALL. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion offered by the gentleman from Ohio.

The motion to recommit was rejected.

The SPEAKER. The question is on agreeing to the conference report.

The question was taken; and on a division (demanded by Mr. GAVAGAN) there were ayes 160 and noes 32.

Mr. CELLER. Mr. Speaker I make the point of order that there is no quorum present and I object to the vote on the ground that there is no quorum present.

The SPEAKER. The Chair will count. [After counting.] Two hundred and thirty Members are present; a quorum.

Mr. DICKSTEIN. Mr. Speaker, I ask for the yeas and nays.

The SPEAKER. Twenty-nine Members have arisen; not a sufficient number. The yeas and nays are refused.

So the conference report was agreed to. A motion to reconsider was laid on the table.

Mr. STEAGALL. Mr. Speaker, I offer a resolution (H. Con. Res. 33), which I have sent to the desk.

The Clerk read as follows:

Resolved by the House of Representatives (the Senate concurring), That the Clerk of the House of Representatives, in the enrollment of the bill (H. R. 2869) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes, is authorized and directed in the next to the last sentence of the amendment made by section 7 to strike out "sections 3 (a) and 3 (c) of this act or" and "or the provisions of section 2 (f) of this act."

The SPEAKER. Without objection, the resolution is agreed to.

Mr. SABATH. Mr. Speaker, reserving the right to object.

This is simply to correct an error which places a restriction upon the operation of this particular provision of the bill, not intended by the conferees.

Mr. Speaker, will the gentleman advise the House what the error is that the gentleman would like to have corrected?

Mr. STEAGALL. The error referred to is a provision in the original price control act which places a limitation upon the Price Administrator and which did not apply in this case and was not intended to apply; it was simply an error made in the haste of the committee's work last night.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. CELLER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD in three distinct respects.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. PACE. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made this afternoon at that point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. MICHENER. Mr. Speaker, I ask unanimous consent that at the conclusion of any special orders heretofore entered, the gentleman from Illinois [Mr. BUSBEY] may address the House today for 20 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, I ask unanimous consent that following any special orders heretofore entered, I may address the House today for 10 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

EXTENSION OF REMARKS

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend the remarks I made today and include therein certain excerpts and statements.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

(Mr. MUNDT asked and was given permission to extend his own remarks in the RECORD).

Mr. GROSS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a statement.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

[The matter referred to will appear hereafter in the Appendix.]

Mr. FOGARTY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and to include therein a resolution of Local 2213 of the United Steel Workers of America.

The SPEAKER. Is there objection to the request of the gentleman from Rhode Island?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. SABATH. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made this afternoon.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. BOREN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on three different subjects.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. HEFFERNAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the subject of the one hundred and fourteenth anniversary day parade of the Brooklyn Sunday School Union.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

[The matter referred to appears in the Appendix.]

(Mr. WORLEY asked and was given permission to extend his own remarks in the RECORD).

MILITARY ESTABLISHMENTS APPROPRIATION, 1944

Mr. SNYDER submitted the following conference report and statement on the bill (H. R. 2996) making appropriations for the military establishments for the fiscal year ending June 30, 1944, and for other purposes:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 2996) "making appropriations for the Military Establishment for the fiscal year ending June 30, 1944, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 4, 5, and 6; and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows: Restore the matter stricken out by such amendment, amended to read as follows: "Provided further, That clauses (1) and (2) of subsection (a) of section 403 of the Sixth Supplemental National Defense Appropriation Act, 1942, as amended, are amended to read as follows:

"Sec. 403 (a). For purposes of this section—

"1. The term "Department" means the War Department, the Navy Department, the Treasury Department, the Maritime Commission, Defense Plant Corporation, Metals Reserve Company, Defense Supplies Corporation, and Rubber Reserve Company, respectively.

"2. In the case of the Maritime Commission, the term "Secretary" means the Chairman of such Commission, and in the case of Defense Plant Corporation, Metals Reserve Company, Defense Supplies Corporation, and Rubber Reserve Company the term "Secretary" means the board of directors of the appropriate corporation."

"Provided further, That section 403 of the Sixth Supplemental National Defense Appropriation Act, 1942, as amended, is further amended by adding at the end thereof the following subsection:

"(k) All the provisions of this section shall be construed to apply to Defense Plant Corporation, Metals Reserve Company, Defense Supplies Corporation, and Rubber Reserve Company."

And the Senate agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment, as follows: Restore the matter stricken out by such amendment, amended to read as follows: "Provided further, That no appropriation contained in this act shall be used for any expense pertaining to (1) the instruction, education, or training of Class IV-E Conscientious Objectors in colleges, (2) the service of such conscientious objectors outside the United States, its territories and possessions, (3) the transportation of such conscientious objectors to or from any college or any such service, or (4) the compensation of military or civilian personnel performing any services with respect to the matters set forth in (1), (2), or (3) above after the enactment of this act, except any services which may be necessary promptly to terminate any such Class IV-E Conscientious Objector college or foreign service projects existing on the date of the enactment of this Act"; and the Senate agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment, as follows: Restore the matter stricken out by such amendment, amended to read as follows: "Provided, That no appropriation contained in this act shall be available after August 31, 1943, for payment to or expenditure on account of any military or civilian personnel employed outside continental United States to paint or otherwise reproduce war scenes except by means of photography, or to paint portraits, or for payment to or expenditure

Jan. 12
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DIGEST OF PROCEEDINGS OF CONGRESS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

(Issued July 3, 1943, for actions of Friday, July 2, 1943)

(For staff of the Department only)

Contents

A.A.A. 24	Food administration 23, 38, 39	Property transfers 16
Agricultural appropria- tion bill 2	Food distribution ... 6, 43	Public Works 45
Appropriations 1, 9, 17, 18, 46, 48	Food problems 39	Rationing 26, 39, 42
Assistant Secretary of the Interior 4	Forestry 10	Reclamation 9, 35
Commodity Credit 1	Inflation 8, 37	Selective service .. 22, 32
Communications 40	Interior appropriation bill 9	Subsidies 1
Corn acquisitions . 25, 28	Labor-Federal Security appropriation bill .. 18	Taxation 33
Crop insurance 2, 15	Machinery, farm 11	Tobacco 24
D. C. Appropriation Act 46	Meat 39, 43	Transportation 21
Dairy industry 6, 43	Packers and stockyards 27	Urgent deficiency appro- priation bill 17
Emergency fund 17	Post-war planning 20, 29, 36	Vehicles 33
Executive authority ... 7	Potatoes 5, 43	War damage 34
Fisheries 3	Price control 5, 12, 26, 37, 41	War Department Military Appropriation Act ,... 48
Flood control .. 11, 14, 31	Priorities 44	War relocation 30
Flood relief 19		Water conservation 9
		Water pollution 13
		Wildlife conservation . 49
		Women's Army Corps 47

HOUSE

1. Commodity Credit; subsidies. Received and sustained, 228-154, the President's veto of H. R. 2869, the CCC bill (pp. 2126-30) (H. Doc. 249). For bill's provisions see Digest 122. Earlier rejected, 184-200, a motion by Rep. Steagall, Ala., to refer the bill and the veto message back to the Banking and Currency Committee (pp. 7128-29).
Passed without amendment H. J. Res. 147, continuing CCC as a U. S. agency until December 31, 1943; increasing its borrowing power by \$500,000,000; authorizing the Federal Reserve banks to act as depositaries, custodians, and fiscal agents for CCC; exempting CCC loans from a prohibition against loans to executive officers of certain banks; and requiring that full reimbursement to CCC from other agencies for losses sustained (pp. 7135-44).
This continuing resolution was discussed briefly in the Senate, but Sen. Clark, Mo., objected to its consideration (p. 7110).
2. Agricultural appropriation bill. Agreed to Rep. Tarver's motion to insist on disagreement to the Senate amendments regarding crop insurance, after rejecting a preferential motion by Rep. Pace, Ga., to insist on the House figure of \$3,500,000 (Senate, \$7,818,748) but concur in the Senate's elimination of the House provision for liquidation of the program (p. 7116).
3. Fisheries. Merchant Marine and Fisheries Committee reported without amendment S. 1242, to authorize appropriations for the Office of Fishery Coordination, Interior Department (H. Rept. 642) (p. 7147).

4. Assistant Secretary of the Interior. Public Lands Committee reported with amendment H. R. 2801, to provide for appointment of an additional Assistant Secretary of the Interior (H. Rept. 644) (p. 7147).
5. Price control; potatoes. Rep. McGregor, Ohio, commended recent Congressional action requiring "men who have had practical experience and knowledge...[be] charge of the policy-making departments of O.P.A.," and inserted an editorial, "Bushels of Spuds Found on Dump; O.P.A. is Puzzled" (pp. 7112-13).
6. Food distribution; butter. Rep. McKenzie, La., criticized OPA action prohibiting "the rural housewife...[from using] her surplus butter...at the community store...as a medium of exchange" (p. 7114).
7. Executive authority. Rep. Voorhis, Calif., criticized Congressional action "turning down the one [domestic program] proposed by the President...[unless] Congress can write a better program" (p. 7114).
Rep. Hoffman, Mich., criticized "bureaucratic...orders and regulations issued by the departments" and stated that "anyone...can write a policy that would be less harmful" (p. 7115).
8. Inflation. Rep. Rabaut, Mich., urged Congressional action to prevent inflation (p. 7115).
9. Interior appropriation bill. Acted further on items reported in disagreement by conferees on this bill, H. R. 2719 (pp. 7117-26, 7131-35, 7144-47). Agreed to motions to insist on disagreement to Senate amendments regarding several reclamation and water conservation and utilization projects (pp. 7117-22). Reps. Johnson of Okla., Fitzpatrick, Kirwan, Norrell, Carter, Jones, and Jensen were appointed conferees for a further conference (p. 7147).
10. Forestry. Public Lands Committee reported without amendment S. 378, to provide for the addition of a portion of the Coconino National Forest, Ariz., to the Montezuma Castle National Monument (H. Rept. 645) (p. 7147).
11. Flood control. Received the conference report on S. 1134, which, as reported from conference, authorizes appropriation of \$10,000,000 to restore flood-control works damaged by the recent floods, directs suspension of AAA quotas, etc. with respect to agricultural commodities on lands affected by 1943 floods, and directs provisions for allocations and priorities to enable farmers in flood areas to restore their farm machinery and equipment (pp. 7130-31).

SENATE

12. Price control. Received from the Detroit Common Council a resolution favoring the stabilization of food and commodity prices (p. 7065).
13. Water pollution. Received from the Mich. Stream Control Commission a resolution opposing creation of a division of water pollution control in the Public Health Service (p. 7065).
14. Flood control. Received from the Mo. Legislature a resolution favoring a flood-relief program for cultivation of farm lands, etc. (p. 7066).
15. Crop insurance. Sen. Capper, Kans., commended the crop-insurance program and inserted a Farmers Union letter favoring the program (p. 7066).
16. Property transfers. Public Buildings and Grounds Committee reported with amendment H. R. 1294, to authorize the sale or transfer of Government property (S. Rept. 381) (p. 7067).

COMMODITY CREDIT CORPORATION

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

RETURNING

WITHOUT APPROVAL A BILL (H. R. 2869) ENTITLED "AN ACT TO CONTINUE COMMODITY CREDIT CORPORATION AS AN AGENCY OF THE UNITED STATES, INCREASE ITS BORROWING POWER, REVISE THE BASIS OF THE ANNUAL APPRAISAL OF ITS ASSETS, AND FOR OTHER PURPOSES"

JULY 2, 1943.—Referred to the Committee on Banking and Currency and ordered to be printed

To the House of Representatives:

H. R. 2869, to continue the Commodity Credit Corporation as an agency of the United States, is before me. This measure will become law only over my strenuous objection and protest.

The Congress is aware of my deep interest in the Commodity Credit Corporation. It was created by me under Executive order issued October 16, 1933, to meet a grave and critical emergency. It has proved to be useful not only in an emergency, but under other conditions. It has an essential function to perform in our war-food-production program. It should and must be continued.

But this is not a bill to continue the Commodity Credit Corporation. It is a bill to hamstring the Commodity Credit Corporation. It places new and unwarranted restrictions on the use of its funds and on the powers heretofore given to the Administration to stabilize the cost of living. These restrictions would prevent our giving to farmers the assistance they need in carrying out our new food-production programs so essential to feed our citizens and our soldiers. They would make it impossible for us to stop the rising cost of living.

As the measure now stands, this is an inflation bill, a high-cost-of-living bill, a food-shortage bill.

There is, for instance, a provision in section 6 (a) which prohibits the establishment of a maximum price for any raw or processed agricultural commodity which will reflect to the producers thereof a price less than the support price heretofore or hereafter announced by the War Food Administrator, or less than the higher of the maximum prices provided in section 3 of the act of October 2, 1942.

I have tried to analyze this section and to translate it into common-sense English. Frankly I do not know what it means.

If the provision merely means that if the support price is higher than the maximum price established under the act of October 2, 1942, the commodity must be purchased from the producer at the support price or the farmer must be paid the difference between the support price and the maximum price, the provision would serve no purpose. That is now, as I understand it, the law.

If, on the other hand, despite language which looks the other way, the provision were construed to mean that the maximum price must be fixed so as to yield to the producer the support price without the payment of any subsidy, the provision would require the immediate upward adjustments in the ceiling prices for many basic food products. Prices for dry edible beans, cheese, canned vegetables, sugar, and, in some markets, fluid milk would immediately go up because the support prices for these products are higher than their present ceiling prices.

If the provision were so construed, it would not only immediately increase the cost of living but it would make it impossible for us to adopt support programs needed to increase production without causing a still further rise in the cost of living. Undoubtedly if we must in each case weigh the advantages of a support program against the disadvantages of an increase in the cost of living, many support programs which might otherwise be adopted will be rejected, and other support programs, although finally adopted, will inevitably be delayed.

Section 6 (b) of the bill prohibits, with specified exceptions, the making of any subsidy or other payment other than those which have accrued prior to August 1, 1943, if such a payment is designed either (1) to reduce or roll back maximum and support prices or (2) as a substitute for increasing maximum prices or support prices, unless such payments are specifically authorized by the Congress. The specified exceptions are rigidly limited. Subsidies or other payments can be made until the end of the current crop year on any agricultural commodity other than milk or livestock if, prior to June 15, 1943, the Government was committed to make them. Wheat can be sold for feeding purposes at not less than the parity price for corn. Maximum and support prices on domestic fats and oils and oil seeds can be adjusted as necessary to assure adequate production.

Section 7 seeks to subject to the War Food Administration's control all the powers given under section 2 (e) of the Emergency Price Control Act in respect to the purchase, sale, storage, and use of foods. I am sure that the War Food Administration is amply capable of handling such a task. But even its hands are shackled by the imposition of rigid restrictions which were included neither in the original Price Control Act nor in the act of October 2, 1942.

Section 7 provides that purchases can be made only at prices which reflect to the farmer not less than the maximum price provided in the

act of October 2, 1942, or the announced support price, whichever is the higher. No purchases can be made for the purpose of reducing any maximum price. No purchases can be made for the purpose of resale at a loss unless made under a program announced prior to July 1, 1943. Even under preexisting commitments, the Government is not authorized to make purchases which will involve losses in excess of \$150,000,000. It apparently prohibits any purchase and sale program involving any loss for the 1944 crop. Commodities purchased are not to be sold for less than the maximum price limitations provided in the act of October 2, 1942, or contrary to section 2 (f) of the Price Control Act. It is far from clear that this last restriction does not nullify the exception in section 6 permitting wheat to be sold for feed at the corn parity price.

It is not clear whether the restrictions in sections 6 and 7 are cumulative or whether the Congress wished to draw a distinction between direct subsidies and trading losses resulting from the purchase and resale of foods.

Reputable lawyers could, I am advised, argue that section 6 completely nullifies section 7. If I should agree, then the bill would be even more inflationary. If I should take the contrary view, I may be sure that I will be accused of misconstruing the law.

Many other serious complications and difficulties in administering and construing the bill have been brought to my attention. But if I attempted to deal with all of them here my message would become as complicated and confused as the language of the bill itself.

When farm prices were low, in time of peace, no one in either branch of Government ever suggested that the Commodity Credit Corporation should be forbidden to take losses in its operations. Now, in the critical emergency of war, it is proposed to tie the Corporation's hands in ways undreamed of in less strenuous days.

No matter how this measure is interpreted, it will have a devastating effect upon our economy and our war effort about which I believe the Congress and the American people ought clearly to be warned.

1. This bill blacks out the program to reduce the cost of living. In other words, it completely outlaws the recent reductions in the price of meat and butter which we instituted in order to help get the cost of living back down from the height to which it has risen in recent months.

By this measure, the Congress will compel every housewife to pay 5 cents a pound more for every piece of butter that goes on her table, and to pay higher prices for every pork chop, every ounce of beef, every slice of ham or bacon which goes to feed her family.

2. This measure will make it virtually impossible to institute any additional measures to reduce the cost of living or even to hold the line.

3. The bill denies to the Executive any power to purchase farm products for resale at a loss or to make incentive payments to obtain increased production of foodstuffs without the approval of the Congress. I do not believe that the Congress has had an opportunity to know or to consider how seriously it may cripple our entire food program.

It is proper for the Congress to set the limits within which our food programs must operate and the principles to which they must conform. But there is not time to submit each specific food program for congressional approval. Crops will not wait for congressional debate. To

require specific approval of each specific program is in effect a prohibition.

In order to obtain a greater production of important war foods it may be necessary to establish special incentives for our farmers. We are asking our agricultural producers to change their farming methods and to grow new crops to which they are unaccustomed and which we need greatly in place of the old crops to which they are accustomed and which we may not need so greatly. It may often be difficult for the War Food Administrator to decide just how great an incentive is required for this purpose. This bill does not prevent the continued use of generous incentive payments to obtain strategic war materials other than food. Yet food is as important as any other strategic war material.

This measure, however, would mean that every additional dollar paid to the farmer to get the extra war crops we need to feed our soldiers abroad would reduce the purchasing power of the limited allowances of their wives and children at home.

Such a restrictive measure would serve only to set the soldier, the worker, and the unorganized consumer at war with the farmer.

The original Price Control Act gave the Government certain powers to regulate prices. In the summer of last year I informed the Congress that the administration could not control the cost of living and prevent inflation unless it was given more adequate power to stabilize wages and food prices. Thereafter the Congress passed the act of October 2, 1942, which authorized me to stabilize prices, wages and salaries affecting the cost of living so far as practicable on the basis of the levels which existed on September 15, 1942.

The measure now before me virtually nullifies the act of October 2, 1942. This Government cannot effectively stabilize the cost of living if it cannot stabilize the cost of necessary foods. As a matter of fact this measure even takes from the Government powers which it was given under the first Price Control Act.

As the danger of inflation grows, the Congress would by this bill put new shackles on those whose duty it is to fight inflation. The fight against inflation cannot be won that way.

To get our economy to work I realize that we cannot rigidly freeze all prices or all wages. In some cases we must pay higher prices to producers to get the extra war production which we need because that extra production costs more to produce. We must likewise put more money in the worker's pay envelope when he works longer hours or when he does more skilled or efficient work, or when his pay is insufficient to keep him on a decent subsistence level. But with a well-balanced combination of measures we must keep wage rates and consumers' food prices from rising if we wish to hold down living costs.

Our wage-stabilization program is and must be dependent on the stabilization of the cost of living. This is expressly recognized in the act of October 2, 1942. The Little Steel formula was based on the fact that there had been a rise of approximately 15 percent in the cost of living between January 1941 and May 1942, for which rise workers could be compensated by wage increases.

The cost of living is now about 8 percent above the level of May 1942, and about 6 percent above last September. There has been an increase in the average worker's weekly pay check since September. This increase has come primarily through longer hours and through

the shift of workers into war industries from lower-paid civilian occupations, although increases in wage rates to correct inequities have played a part. But there are many workers who have enjoyed no increase in earnings.

It is too easy to act on the assumption that all consumers have surplus purchasing power; and that the high earnings of some workers in munitions plants are enjoyed by every worker's family. This easy assumption overlooks the 4,000,000 wage workers still earning less than 40 cents per hour, and millions of others whose incomes are almost as low. It ignores the fact that more than 4,000,000 families have not had an increase of more than 5 percent in their income during the last 18 months. It further ignores the millions of salaried, white-collar workers—the school teachers, the clergymen, the State, county, and city officials, the policemen, the firemen, the clerks—whose salaries have remained low, but whose living standards are being cruelly and inequitably slashed by higher food prices. It equally ignores others on fixed incomes—the dependent mother of the soldier boy with her scant \$37 per month, the widow living off the proceeds of her husband's insurance policy, and the old-age pensioner.

These millions are entitled to be protected against skyrocketing food costs. It is my duty to guard them against the ravages of inflation—and I shall guard them unless the Congress shackles my hand.

These unorganized millions must not become the forgotten men and women of our war economy.

The plea has been urged on behalf of industrial workers that if the cost of living is not cut to September, or even to May, 1942, levels, wage rates should be raised to compensate. But to raise wages because living costs have risen will be at best only a temporary solution. Raising wage rates increases the cost of production, both of war goods and of the goods whose prices make up the cost of living. It also increases consumers' spending power. The combined effect of increased spending power and increased production cost is inevitably a further rise in the cost of living; and at the same time the money cost of the war increases. In short, to give people more money because prices are rising does not cure the evil, but makes it worse. This is precisely what is meant by the "inflationary spiral."

To prevent this spiral of rising costs and prices we must hold firm to the stabilization of wage rates. But to do this, we must assure workers that they can get a fair share of available goods on legitimate markets, and at prices "so far as practicable on the basis of the levels which existed on September 15," as prescribed by the act of October 2.

Whatever theoretical choices may conceivably be open to us, practically we will have only two. We must keep the cost of living more nearly in line with the level prescribed in the law or we will not be able to hold the wage line or protect the millions of men and women living on low salaries and small fixed incomes. If wages rise, the cost of living will not stand where it is; it will go up and the inflationary spiral will gain strength.

I do not think that a reduction of all living costs or wage increases to the September level is practicable. We all must be prepared in total war to accept a substantial cut in our accustomed standards of living. But we must definitely stop the rising trend of living and

push back the price to consumers of important key commodities in the family market basket.

When I talk of important key commodities I do not mean fur coats, or tailored suits, or caviar. I mean the necessities of life, things like bread, milk, butter, sugar, coffee, ordinary meats, fats, and canned foods, things that plain working folk must have. We must not only keep the price of these necessities down, but we must increase, when we can, the supply which helps relieve the pressures for higher prices and helps reduce the temptations of the black markets. With the improvement in the war against the submarine we may even be able soon to remove sugar and, possibly later, coffee from the ration list. But we cannot hope in a period of total war to increase the supply of all necessities sufficiently to relieve the price situation.

To reduce the price of key necessities or even to hold some of them at present levels, we either will have to reduce producers' prices and distributors' margins or we will have to use subsidies.

That does not mean that we can achieve stabilization by subsidies alone, without firm price and wage policies, adequate fiscal measures, and positive programs to assure that adequate supplies of essentials at legitimate prices will be available in the legitimate markets.

But the experience of other countries like Canada and England does demonstrate that limited subsidies can and must be effectively used as a key weapon to control inflation.

The alternative to such action would be more costly to the Treasury and to the people. If we do not take the course of action I have suggested, we shall be charged with having failed to stabilize the cost of living, as the act of October 2, 1942, directed us to do, and there will be increasing demands from the workers of the Nation for a drastic modification of the Little Steel formula.

If a 10-percent over-all increase in wages should occur as a consequence of our failure to stabilize living costs, that added cost of labor alone would cause an increase of not less than $4\frac{1}{2}$ percent in the general level of prices. That would increase our annual war costs approximately $4\frac{1}{2}$ billion dollars. For we are spending 100 billions per annum for war and every rise of 1 percent in the prices the Government pays, adds approximately 1 billion to the Government's war expenditures. I say "approximately" because some of the expenditures would not automatically be increased. A 10-percent wage increase would, moreover, increase the cost of living by at least $4\frac{1}{2}$ percent and would cost consumers at least 4 billion dollars a year.

And, what is more, if we should have to abandon the hold-the-line order and to allow wages to rise, we would have no assurance that we would be able to hold living costs stable even at a higher level. Rising costs would continue to press against the price and wage levels and these would be forced higher still. Rising wages would add to the excess purchasing power, and an enlarged inflationary gap would make the fiscal task of absorbing excess purchasing power by higher taxes and enforced savings unmanageable. Those with meager wages and small fixed incomes would be ground below the margin of fair subsistence.

I need not tell the Congress the devastation which will be wrought, far and wide, on the farmer, the worker, and the businessman, if the fires of inflation ever get out of control. The farmers will never forget the deflation following the last war and the sufferings they then endured.

To protect the farmer it is not necessary to oppress the consumer. The way to protect the farmer is to authorize the Commodity Credit Corporation to pay the farmer what he should get for his products and to sell those products at a loss if need be to keep the cost of living down. That may be a subsidy, but that is the only way to avoid inflation which will be ruinous to farmer and consumer alike. If we prohibit subsidies and allow the cost of living to rise, as this bill does, whatever support prices we make to the farmer will be nullified by the inflation of all prices and all costs.

I have just been informed that the preliminary figures indicate that between May 15 and June 15 there was a decrease of 1 percent in food prices. This is the first decline in the food price index in more than a year. This bill would wipe out that decline and start anew a rise in the cost of living. I cannot by signing it share the responsibility for that rise and its disastrous consequences.

Those in command of our war economy like those in command of our armies must be endowed with adequate authority to meet emergency situations as they arise.

Subsidies to help hold down living costs and at the same time protect the farmer should be applied only in strictly limited and clearly defined circumstances. Such subsidies should be confined to goods essential to the maintenance of a reasonable wartime standard of living for the people. Wherever the grant of subsidies at flat rates would involve gross windfall profits for low-cost producers, processors, or distributors, they should be granted on a differential basis to cover the special burdens of small business and high-cost producers.

I do not intend to permit farm prices and farm incomes to be depressed. Today the aggregate net income of farmers like that of the workers is larger than ever before. As a result of my recommendation of September 7, 1942, that a floor be established for farm prices, Congress by the act of October 2, 1942, guaranteed to farmers 90 percent of parity on most farm products during the war and for at least 2 crop years thereafter—a guaranty given to no other group. If further payments to farmers are necessary to enable them to make the added outlays required to increase the production of war crops, those payments should and will be made.

But unless the Congress leaves with the executive branch the means of seeing to it that further increases in producers' prices do not increase the cost of living, the executive branch cannot accept responsibility for holding the wage line or for stopping the inflationary spiral.

If I am to hold the line, my hands must be left reasonably free to hold it even-handedly.

In this task of saving our free economy, Congress and the Executive must work together, as a team. H. R. 2869 marks a definite retreat from economic stability toward uncontrolled inflation. That retreat cannot be made with my approval.

I sincerely hope that if the Congress cannot agree before its recess on legislation which will remove the serious defects in this bill, it will pass a joint resolution continuing the life of the Commodity Credit Corporation and providing the increase in borrowing power until the Congress has time to agree upon an appropriate measure. The

officials of the executive departments will welcome an opportunity to furnish information and be of assistance.

I return the bill without my signature.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, July 2, 1943.

H. R. 2869

SEVENTY-EIGHTH CONGRESS OF THE UNITED STATES OF AMERICA; AT THE FIRST SESSION, BEGUN AND HELD AT THE CITY OF WASHINGTON ON WEDNESDAY, THE SIXTH DAY OF JANUARY, ONE THOUSAND NINE HUNDRED AND FORTY-THREE

AN ACT To continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1 of the Act approved March 8, 1938 (52 Stat. 107), as amended, is hereby amended by deleting from the first sentence thereof the term "31st of March" where that term first appears therein and substituting in lieu thereof the term "30th of June", and by deleting from the second sentence thereof "on the basis of the cost, including not more than one year of carrying charges, of such assets to the Corporation, or the average market prices of such assets for a period of twelve months ending with March 31 of each year, whichever is less", and inserting in lieu thereof "on the basis of the cost, or insofar as practicable, the average market price of such assets during the last month of the fiscal year covered by the appraisal, whichever is the lower". Only one appraisal of the assets and liabilities of the Commodity Credit Corporation shall be made during the calendar year 1943 which shall be on the basis established by this amendment.

SEC. 2. Section 4 of the Act approved March 8, 1938 (52 Stat. 108), as amended, is hereby amended by deleting the term "\$2,650,000,000" and inserting in lieu thereof the term "\$3,400,000,000".

SEC. 3. Section 7 of the Act approved January 31, 1935 (49 Stat. 4), as amended, is hereby amended by changing the designation thereof to section 7 (a) and by deleting from the first sentence thereof the term "June 30, 1943" and by inserting in lieu thereof "June 30, 1945"; and is further hereby amended by striking out the period at the end of the section and inserting in lieu thereof a comma and the following: "without regard to provisions of any other existing law relating to public funds: *Provided, however,* That the Corporation shall at all times maintain complete and accurate books of account and shall determine the procedures to be followed in the transaction of the corporate business.

"(b) The financial transactions of the Corporation beginning with the period from July 1, 1943, shall be audited by the General Accounting Office in accordance with the principles applicable to commercial corporate transactions and under such rules and regulations as may be prescribed by the Comptroller General of the United States: *Provided,* That the Corporation shall continue to have the authority to make final and conclusive settlement and adjustment of any claims by or against the Corporation or the accounts of its fiscal officers: *Provided further,* That a report of such audit shall be made to the Congress, together with such recommendations as the Comptroller General may deem advisable, and that each such report shall cover a period of one fiscal year and shall not be made until the Corporation and the Secretary of Agriculture shall have had a reasonable opportunity, not to exceed ninety days, to examine the report, point out errors therein, explain or answer the same, and file a statement which shall be submitted by the Comptroller General with his report: *Provided further,* That a copy of each such report shall be furnished the Secretary of the Treasury and that the findings contained therein shall be considered by the Secretary in appraising the assets and liabilities and determining the net worth of the Corporation under sections 1 and 2 of the Act of March 8, 1938 (52 Stat. 107), as amended: *Provided, however,* That nothing in this section shall be construed as modifying legislation authorizing the use of funds of the Corporation for administrative expenses and requiring accountability therefor.

"(c) The expenses of the audit as provided in this section may be paid up to and including June 30, 1945, from moneys advanced therefor by the Corporation, or from any appropriation or appropriations for the General Accounting Office, and appropriations so used shall be reimbursed promptly by the Corporation as

billed by the Comptroller General: *Provided*, That any such advances or reimbursements shall be considered as nonadministrative expenses of the Corporation. For the purpose of such audit the representatives of the General Accounting Office shall have access to all papers, books, files, accounts, financial records, warehouses, and all other things, property, and places belonging to or under the control of or used or employed by the Corporation and shall be afforded full facilities for verifying transactions with and balances in depositaries and with fiscal agents: *Provided further*, That the certified financial reports and schedules of the fiscal agents of the Corporation based on commercial audits in the usual course of business may be accepted by the General Accounting Office in its audit of the financial transactions of the Corporation as final and not subject to further audit verification.

"(d) Any examination of the corporate records shall be made at the place or places where such records are normally kept in the transaction of the corporate business, and the Corporation shall retain custody of contracts, vouchers, schedules, or other financial or accounting documents, either original or duplicate, relating to its nonadministrative transactions."

SEC. 4. The Federal Reserve banks are hereby authorized to act as depositaries, custodians, and fiscal agents for the Commodity Credit Corporation.

SEC. 5. Subsection 22 (g) of the Federal Reserve Act, as amended (12 U. S. C. 375a), is hereby amended by adding at the end thereof the following: "This subsection shall not apply to loans which the Commodity Credit Corporation has agreed to take over or purchase".

SEC. 6. (a) No maximum price shall be established or maintained for any agricultural commodity, including milk and livestock and the products thereof, or for any commodity processed or manufactured in whole or substantial part from any agricultural commodity, below a price which will reflect to the producers thereof, a price below the support price therefor as heretofore or hereafter announced by the Secretary of Agriculture or the War Food Administrator, nor a price below the higher of the maximum prices provided in section 3 of Public Law Numbered 729, approved October 2, 1942.

(b) No subsidy or other payments, other than those which have accrued prior to August 1, 1943, shall be made either directly or indirectly by the Government or any agency thereof, including any Government-owned or controlled corporation, to a producer, processor, manufacturer, or any other person engaged in the production, marketing, distribution, or handling of any commodity referred to in subsection (a) either (1) for any reduction or roll-back of maximum prices or support prices so established, maintained, or announced as may have been or may hereafter be ordered, or (2) as a substitute for or in lieu of increasing maximum prices or support prices already or hereafter established, maintained, or announced, or (3) to maintain any maximum price already or hereafter established, from any funds heretofore or hereafter appropriated to, borrowed under congressional authorization by, or in the custody or control of any governmental agency, including any Government-owned or controlled corporation, unless the Congress shall have specifically authorized the use of such funds for such purpose, except that the foregoing prohibition shall not apply until the end of the current crop season to any such commodity, other than milk and livestock and the products thereof, with respect to which the Government or any agency thereof was committed to the payment of such subsidies or other payments on June 15, 1943, or to Government-owned wheat sold for feeding purposes if sold at not less than the parity price of corn, or to prevent such adjustments in the maximum or support prices on competitive domestic vegetable oils and fats and oil seed as may be required to bring about or to maintain the necessary relationship in the prices of such products that is required to assure adequate production for the war effort.

(c) Nothing contained in this section shall be construed to prevent the payment of all or any part of the purchase price or adjusted purchase price heretofore or hereafter paid or to be paid for such commodities sold to any governmental agency for governmental use.

(d) The definition of the term "person" in section 302 (h) of the Emergency Price Control Act of 1942 shall apply to the term "person" as used in this section.

SEC. 7. The first sentence of section 2 (e) of the Emergency Price Control Act of 1942 is hereby amended by inserting before the period at the end thereof a colon and the following: "*Provided further*, That the authority conferred by this section with respect to the buying, selling, storage, and use of commodities, and the authority conferred on the Secretary of Agriculture by section 4 of the Act of July 1, 1941 (55 Stat. 498), as amended, shall, in the case of any commodity used

for food purposes, be exercised only with the approval of the War Food Administrator created by Executive Order Numbered 9322, as amended, and only in such manner and upon such terms and conditions as he determines to be necessary to obtain the maximum necessary production of food to assure an adequate supply of food for the armed forces, for the essential civilian needs, and for carrying out the purposes of the Act of March 11, 1941. Such authority to buy commodities used for food purposes shall include the power to buy them for the purpose of selling at a loss, but any such purchase for sale at a loss (1) shall be made only from the farmer at a price not less than the higher of the maximum prices provided in section 3 of Public Law 729, approved October 2, 1942, and not less than the support price therefor as announced by the Secretary of Agriculture or the War Food Administrator, or (2) shall be made in the open market at a price which will reflect such price (referred to in clause (1)) to the farmer; and no such purchase for sale at a loss shall be made for the purpose of reducing or rolling back any maximum price established under the provisions of the Emergency price Control Act of 1942, as amended: *Provided further*, That the War Food Administrator shall not approve purchases for the purpose of selling at a loss, except those required to carry out any program (other than a roll-back program) announced prior to July 1, 1943; and such approvals shall not involve losses in a total amount in excess of \$150,000,000. The Government agency or corporation making such purchases shall dispose of the commodities purchased as soon as feasible through the regular recognized channels and functions of trade and distribution used in free and independent enterprise; but no such commodity shall be sold or disposed of by any governmental agency or corporation (1) at a price below the price limitations imposed by section 3 of Public Law 729, approved October 2, 1942, or (2) contrary to the provisions of the last sentence of this subsection. No governmental agency or corporation shall buy any such commodity for the purpose of selling it at a loss except pursuant to the authority contained in this section."

Sec. 8. Full reimbursement shall be made to the Commodity Credit Corporation for services performed, losses sustained, operating costs incurred, or commodities purchased or delivered to or on behalf of the Lend-Lease Administration, the Army or Navy, the Board of Economic Warfare, the Reconstruction Finance Corporation, or any other Government agency, from the appropriate funds of these agencies.

SAM RAYBURN,
Speaker of the House of Representatives.

H. A. WALLACE,
*Vice President of the United States and
President of the Senate.*

[Endorsement on back of bill:]

I certify that this Act originated in the House of Representatives.

SOUTH TRIMBLE, *Clerk.*





both of them lose this afternoon. I want to see my friend from California and my friend from North Carolina prevail in their preferential motion.

Mr. Speaker, in the district I have the honor to represent there are literally billions of tons of low grade iron ore which up to this time they have not been able to find a way to make commercially usable because the expense is too great. The result is that 80 percent of the iron ore that is being used in this country to make steel comes from the district I represent. It is known as a high grade ore. There are people who say that in only a very short time we will not have any of this high grade ore left, taking it out at the rate of 90,000,000 tons a year and shipping it down the Lakes to make this steel for war purposes and the commercial purposes of this country.

These experiments ought to be continued. The University of Minnesota is conducting experiments. As I understand these amendments, the Federal Government will cooperate in still further experiments so that the low grade ores can be utilized and made of commercial value to this country.

I hope the preferential motion is agreed to.

EXTENSION OF REMARKS

Mr. KEOGH. Mr. Speaker, I ask unanimous consent that my colleague the gentleman from New York, Mr. MARTIN J. KENNEDY, may extend his own remarks in the RECORD on the subject Posters Work for Victory.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

[The matter referred to appears in the Appendix.]

(Mr. ANDERSON of New Mexico and Mr. GRANGER asked and were given permission to revise and extend their remarks.)

INTERIOR DEPARTMENT APPROPRIATION BILL, 1944—CONFERENCE REPORT

Mr. JOHNSON of Oklahoma. Mr. Speaker, I yield 3 minutes to the gentleman from Virginia [Mr. FLANNAGAN].

Mr. FLANNAGAN. Mr. Speaker, I rise in support of the Cooley motion because, in my opinion, if we allow only the \$149,000 provided in the House bill, we might as well junk the whole program. Take my district, for instance. Some of the first iron ore produced in this country was produced in southwest Virginia. We had blast furnaces there prior to the Revolutionary War. As late as the nineties we had eight blast furnaces running in the southwestern part of Virginia; today we do not have a single one. I believe that if a proper investigation could be made of our iron deposits in the southwestern part of Virginia, in a few years these old blast furnaces would be reopened and put in operation. The problem has been that no one in that section has had the money to make the right kind of investigation. It takes money to investigate these deposits. If we only had the money available today to make a real investigation of our iron deposits, to do the right kind of pros-

pecting, I believe the investigation would show that we have sufficient ore to justify the reopening of our furnaces and that in a short while southwestern Virginia could be producing thousands of tons of ore each month. If the investigation shows, as I believe it will, that we have the ore, then I do not think we will have any trouble in finding the capital.

The Senate included \$2,750,000 for this purpose, which will be a sufficient fund to investigate the possibilities of our known iron deposits scattered over different sections of this country. I hope it will be the pleasure of the House to recede and concur in the Senate amendments in order to give the Bureau of Mines sufficient funds to make an honest investigation of the possibility of our iron deposits. It is time we found out in this country just what iron deposits we have. Our national security demands that we have this information. Give us the money so we can obtain the information.

Mr. COOLEY. Mr. Speaker, will the gentleman yield?

Mr. FLANNAGAN. I yield.

Mr. COOLEY. Let me call the gentleman's attention to the following statement which appears in a letter from Mr. R. R. Sayers, written under date of June 10, 1943, to Mr. Allen Forsberg:

An over-all program of this character involving the total expenditure of \$2,540,000 would definitely improve the country's position with respect to raw resources for iron and steel manufacture.

Mr. FLANNAGAN. I think that is a correct statement.

The SPEAKER. The time of the gentleman from Virginia has expired.

Mr. JOHNSON of Oklahoma. Mr. Speaker, I yield 5 minutes to the gentleman from Idaho [Mr. WHITE].

Mr. WHITE. Mr. Speaker, ever since I came to this floor some 10 years ago we have had the problems of the farmer before us. If there is anything that has made it difficult for the farmer it has been the cost of his implements and the iron tools he uses on the farm. There has been a practical monopoly of machinery and things made of iron that are used in agricultural production. I have seen many a farmer go to the machinery houses and sign up interest bearing notes to buy a set of machinery that put him so hopelessly in debt that he ended up finally by losing his farm. I believe the root of agriculture's problem can be found in the unfair overcharges made for the iron and steel that goes into the machinery he uses to produce his crops and the food this country so desperately needs. Anybody who has seen the price of a binder jump from \$175 to \$350, anybody who has seen a mowing machine go from \$45 to \$110 and stay there, anybody who has seen nails go up, anybody who has seen all kinds of tools, plow points, and so forth, rise, anybody who knows anything about agriculture at all knows what has been done to the farmer by the iron producers and the Steel Trust.

We have an opportunity here to utilize the steel and iron deposits. In the State I have the honor to represent, Idaho, we have proven an important deposit of

iron. We have harnessed the great rivers out there and are generating huge quantities of power. The power is there, the iron is there, all we need is an investigation and study and laboratory tests that will put that iron to use in order to lighten the heavy financial load carried by the farmer who is now compelled to patronize the present monopolies and the Steel Trust throughout the country.

Mr. O'CONNOR. Will the gentleman yield?

Mr. WHITE. I yield to the gentleman from Montana.

Mr. O'CONNOR. I concur in everything that the gentleman from Idaho has said. I want to also add that we have large iron deposits in the State of Montana that need exploration and not only that but development. We have iron enough in my State, in my opinion, to meet the demand for iron a long time to come.

Mr. WHITE. I thank the gentleman for his contribution.

Mr. JACKSON. Will the gentleman yield?

Mr. WHITE. I yield to the gentleman from Washington.

Mr. JACKSON. I want to compliment the gentleman for the fine statement he is making. I would also like to point out the fact that a great portion of the demand for steel now comes from the western area, particularly along the Pacific coast in which are located these great shipyards. We have deposits in Oregon, Washington, and California that ought to be explored and in Idaho and in that part of the country.

Mr. WHITE. I know where there are mountains of iron in the great State of Washington, I know where there are great deposits of iron in the State of Idaho.

Mr. MAGNUSON. Will the gentleman yield?

Mr. WHITE. I yield to the gentleman from Washington.

Mr. MAGNUSON. May I also point out to the gentleman that in the district of my colleague from Washington [Mr. COFFEE] there is the greatest deposit of coke-burning coal known in the entire world and that is 22 miles from the tide-water flats of Puget Sound.

Mr. WHITE. We not only have the iron on hand ready to be mined in the States of Washington, Idaho, Montana, and all over the Northwest, but we have the power. We have the developed and undeveloped waterpower of the great Columbia River and its tributaries. We have an almost unlimited amount of potential power to smelt the iron and fabricate and make the things that the farmer needs to break the grip of this monopoly that has done more to cause the problem and the difficulty of the farmer than anything else, this problem and difficulty that we have been trying for 10 years to solve but have not been successful.

Mr. JENSEN. Will the gentleman yield?

Mr. WHITE. I yield to the gentleman from Iowa.

Mr. JENSEN. I am sure the gentleman has a lot of influence with the

R. F. C. and with Mr. Jesse Jones, also with the Metals Reserve Board and the metal chief on the W. P. B. I will tell the gentleman what I want him to do, and I may say I am in favor of this amount. I want him to go down there and get them to take the lid off of the money that is keeping these mines from being developed.

Mr. WHITE. I may remind the gentleman that we are dealing here with a policy of the Bureau of Mines and the Department of the Interior. We are considering the Interior Department bill. I hope that the conferees will go along with the Senate and give us this appropriation.

Mr. JENSEN. Yes; and get the R. F. C. to go along with it, too.

The SPEAKER. The time of the gentleman has expired.

CALL OF THE HOUSE

Mr. McMURRAY. Mr. Speaker, I make a point of order that a quorum is not present.

The SPEAKER. The Chair will count. [After counting.] One hundred and seventy-seven Members are present, not a quorum.

Mr. COOPER. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 127]

Barden	Harness, Ind.	O'Leary
Barry	Hébert	Phillips
Bradley, Mich.	Hollifield	Plumley
Capozzoli	Izac	Pracht
Cochran	Johnson, Ward	Robson, Ky.
Culkin	Kennedy	Rowe
Domengeaux	Kilburn	Russell
Drewry	King	Shafer
Fay	Lambertson	Sheridan
Fitzpatrick	Lesinski	Stevenson
Ford	Maloney	Tolan
Fulmer	Mansfield, Tex.	Treadway
Furlong	Mason	Van Zandt
Gallagher	Merritt	Vinson, Ga.
Gifford	Morrison, N. C.	
Green	Norton	
Hall	O'Brien, Ill.	
Edwin Arthur	O'Hara	

The SPEAKER. On this roll call 382 Members have answered to their names, a quorum.

By unanimous consent, further proceedings, under the call, were dispensed with.

COMMODITY CREDIT CORPORATION— VETO MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 249)

The SPEAKER laid before the House the following veto message from the President of the United States:

To the House of Representatives:

H. R. 2869, to continue the Commodity Credit Corporation as an agency of the United States, is before me. This measure will become law only over my strenuous objection and protest.

The Congress is aware of my deep interest in the Commodity Credit Corporation. It was created by me under Executive order issued October 16, 1933, to meet a grave and critical emergency. It has proved to be useful not only in an emergency, but under other conditions. It has an essential function to perform in our war-food production program. It should and must be continued.

But this is not a bill to continue the Commodity Credit Corporation. It is a bill to hamstring the Commodity Credit Corporation. It places new and unwarranted restrictions on the use of its funds and on the powers heretofore given to the administration to stabilize the cost of living. These restrictions would prevent our giving to farmers the assistance they need in carrying out our new food-production programs, so essential to feed our citizens and our soldiers. They would make it impossible for us to stop the rising cost of living.

As the measure now stands, this is an inflation bill, a high-cost-of-living bill, a food shortage bill.

There is, for instance, a provision in section 6 (a) which prohibits the establishment of a maximum price for any raw or processed agricultural commodity which will reflect to the producers thereof a price less than the support price heretofore or hereafter announced by the War Food Administrator, or less than the higher of the maximum prices provided in section 3 of the act of October 2, 1942.

I have tried to analyze this section and to translate it into common-sense English. Frankly, I do not know what it means.

If the provision merely means that if the support price is higher than the maximum price established under the act of October 2, 1942, the commodity must be purchased from the producer at the support price or the farmer must be paid the difference between the support price and the maximum price, the provision would serve no purpose. That is now, as I understand it, the law.

If on the other hand, despite language which looks the other way, the provision were construed to mean that the maximum price must be fixed so as to yield to the producer the support price without the payment of any subsidy, the provision would require the immediate upward adjustments in the ceiling prices for many basic food products. Prices for dry edible beans, cheese, canned vegetables, sugar, and, in some markets, fluid milk would immediately go up because the support prices for these products are higher than their present ceiling prices.

If the provision were so construed, it would not only immediately increase the cost of living but it would make it impossible for us to adopt support programs needed to increase production without causing a still further rise in the cost of living. Undoubtedly if we must in each case weigh the advantages of a support program against the disadvantages of an increase in the cost of living, many support programs which might otherwise be adopted will be rejected, and other support programs, although finally adopted, will inevitably be delayed.

Section 6 (b) of the bill prohibits, with specified exceptions, the making of any subsidy or other payment other than those which have accrued prior to August 1, 1943, if such a payment is designed either (1) to reduce or roll back maximum and support prices or (2) as a substitute for increasing maximum prices or support prices, unless such payments are specifically authorized by the Congress.

The specified exceptions are rigidly limited. Subsidies or other payments can be made until the end of the current crop year on any agricultural commodity other than milk or livestock if, prior to June 15, 1943, the Government was committed to make them. Wheat can be sold for feeding purposes at not less than the parity price for corn. Maximum and support prices on domestic fats and oils and oil seeds can be adjusted as necessary to assure adequate production.

Section 7 seeks to subject to the War Food Administration's control all the powers given under section 2 (e) of the Emergency Price Control Act in respect to the purchase, sale, storage, and use of foods. I am sure that the War Food Administration is amply capable of handling such a task. But even its hands are shackled by the imposition of rigid restrictions which were included neither in the original Price Control Act nor in the act of October 2, 1942.

Section 7 provides that purchases can be made only at prices which reflect to the farmer not less than the maximum price provided in the act of October 2, 1942, or the announced support price, whichever is the higher. No purchases can be made for the purpose of reducing any maximum price. No purchases can be made for the purpose of resale at a loss unless made under a program announced prior to July 1, 1943. Even under preexisting commitments, the Government is not authorized to make purchases which will involve losses in excess of \$150,000,000. It apparently prohibits any purchase and sale program involving any loss for the 1944 crop. Commodities purchased are not to be sold for less than the maximum price limitations provided in the act of October 2, 1942, or contrary to section 2 (f) of the Price Control Act. It is far from clear that this last restriction does not nullify the exception in section 6 permitting wheat to be sold for feed at the corn parity price.

It is not clear whether the restrictions in sections 6 and 7 are cumulative or whether the Congress wished to draw a distinction between direct subsidies and trading losses resulting from the purchase and resale of foods.

Reputable lawyers could, I am advised, argue that section 6 completely nullifies section 7. If I should agree, then the bill would be even more inflationary. If I should take the contrary view, I may be sure that I will be accused of misconstruing the law.

Many other serious complications and difficulties in administering and construing the bill have been brought to my attention. But if I attempted to deal with all of them here my message would become as complicated and confused as the language of the bill itself.

When farm prices were low, in time of peace, no one in either branch of Government ever suggested that the Commodity Credit Corporation should be forbidden to take losses in its operations. Now, in the critical emergency of war, it is proposed to tie the corporation's hands in ways undreamed of in less strenuous days.

No matter how this measure is interpreted, it will have a devastating effect upon our economy and our war effort about which I believe the Congress and the American people ought clearly to be warned.

1. This bill blacks out the program to reduce the cost of living. In other words, it completely outlaws the recent reductions in the price of meat and butter which we instituted in order to help get the cost of living back down from the height to which it has risen in recent months.

By this measure, the Congress will compel every housewife to pay 5 cents a pound more for every piece of butter that goes on her table, and to pay higher prices for every pork chop, every ounce of beef, every slice of ham or bacon which goes to feed her family.

2. This measure will make it virtually impossible to institute any additional measures to reduce the cost of living or even to hold the line.

3. The bill denies to the Executive any power to purchase farm products for resale at a loss or to make incentive payments to obtain increased production of foodstuffs without the approval of the Congress. I do not believe that the Congress has had an opportunity to know or to consider how seriously it may cripple our entire food program.

It is proper for the Congress to set the limits within which our food programs must operate and the principles to which they must conform. But there is not time to submit each specific food program for congressional approval. Crops will not wait for congressional debate. To require specific approval of each specific program is in effect a prohibition.

In order to obtain a greater production of important war foods it may be necessary to establish special incentives for our farmers. We are asking our agricultural producers to change their farming methods and to grow new crops to which they are unaccustomed and which we need greatly in place of the old crops to which they are accustomed and which we may not need so greatly. It may often be difficult for the War Food Administrator to decide just how great an incentive is required for this purpose. This bill does not prevent the continued use of generous incentive payments to obtain strategic war materials other than food. Yet food is as important as any other strategic war material.

This measure, however, would mean that every additional dollar paid to the farmer to get the extra war crops we need to feed our soldiers abroad would reduce the purchasing power of the limited allowances of their wives and children at home.

Such a restrictive measure would serve only to set the soldier, the worker, and the unorganized consumer at war with the farmer.

The original price control act gave the Government certain powers to regulate prices. In the summer of last year I informed the Congress that the administration could not control the cost of living and prevent inflation unless it was given more adequate power to stabilize

wages and food prices. Thereafter the Congress passed the act of October 2, 1942, which authorized me to stabilize prices, wages, and salaries affecting the cost of living so far as practicable on the basis of the levels which existed on September 15, 1942.

The measure now before me virtually nullifies the Act of October 2, 1942. This Government cannot effectively stabilize the cost of living if it cannot stabilize the cost of necessary foods. As a matter of fact this measure even takes from the Government powers which it was given under the first Price Control Act.

As the danger of inflation grows, the Congress would by this bill put new shackles on those whose duty it is to fight inflation. The fight against inflation cannot be won that way.

To get our economy to work I realize that we cannot rigidly freeze all prices or all wages. In some cases we must pay higher prices to producers to get the extra war production which we need because that extra production costs more to produce. We must likewise put more money in the worker's pay envelope when he works longer hours or when he does more skilled or efficient work, or when his pay is insufficient to keep him on a decent subsistence level. But with a well-balanced combination of measures we must keep wage rates and consumers' food prices from rising if we wish to hold down living costs.

Our wage stabilization program is and must be dependent on the stabilization of the cost of living. This is expressly recognized in the Act of October 2, 1942. The Little Steel formula was based on the fact that there had been a rise of approximately 15 percent in the cost of living between January 1941 and May 1942, for which rise workers could be compensated by wage increases.

The cost of living is now about 8 percent above the level of May, 1942, and about 6 percent above last September. There has been an increase in the average worker's weekly pay check since September. This increase has come primarily through longer hours and through the shift of workers into war industries from lower-paid civilian occupations, although increases in wage rates to correct inequities have played a part. But there are many workers who have enjoyed no increase in earnings.

It is too easy to act on the assumption that all consumers have surplus purchasing power; and that the high earnings of some workers in munitions plants are enjoyed by every worker's family. This easy assumption overlooks the 4,000,000 wage workers still earning less than 40 cents per hour, and millions of others whose incomes are almost as low. It ignores the fact that more than 4,000,000 families have not had an increase of more than 5 percent in their income during the last 18 months. It further ignores the millions of salaried, white-collar workers—the school teachers, the clergymen, the State, county, and city officials, the policemen, the firemen, the clerks—whose salaries have remained low, but whose living standards are being cruelly

and inequitably slashed by higher food prices. It equally ignores others on fixed incomes—the dependent mother of the soldier boy with her scant \$37 per month, the widow living off the proceeds of her husband's insurance policy, and the old-age pensioner.

These millions are entitled to be protected against skyrocketing food costs. It is my duty to guard them against the ravages of inflation—and I shall guard them unless the Congress shackles my hand.

These unorganized millions must not become the forgotten men and women of our war economy.

The plea has been urged on behalf of industrial workers that if the cost of living is not cut to September, or even to May 1942, levels, wage rates should be raised to compensate. But to raise wages because living costs have risen will be at best only a temporary solution. Raising wage rates increases the cost of production, both of war goods and of the goods whose prices make up the cost of living. It also increases consumers' spending power. The combined effect of increased spending power and increased production cost is inevitably a further rise in the cost of living; and at the same time the money cost of the war increases. In short, to give people more money because prices are rising does not cure the evil, but makes it worse. This is precisely what is meant by the inflationary spiral.

To prevent this spiral of rising costs and prices we must hold firm to the stabilization of wage rates. But to do this, we must assure workers that they can get a fair share of available goods on legitimate markets, and at prices "so far as practicable on the basis of the levels which existed on September 15," as prescribed by the act of October 2.

Whatever theoretical choices may conceivably be open to us, practically we will have only two. We must keep the cost of living more nearly in line with the level prescribed in the law or we will not be able to hold the wage line or protect the millions of men and women living on low salaries and small fixed incomes. If wages rise, the cost of living will not stand where it is; it will go up and the inflationary spiral will gain strength.

I do not think that a reduction of all living costs or wage increases to the September level is practicable. We all must be prepared in total war to accept a substantial cut in our accustomed standards of living. But we must definitely stop the rising trend of living and push back the price to consumers of important key commodities in the family market basket.

When I talk of important key commodities I do not mean fur coats, or tailored suits or caviar. I mean the necessities of life, things like bread, milk, butter, sugar, coffee, ordinary meats, fats, and canned foods, things that plain working folk must have. We must not only keep the prices of these necessities down, but we must increase, when we can, the supply which helps relieve the pressures for higher prices and helps reduce the temptations of the black markets. With the improvement in the war against the submarine we may even be

able soon to remove sugar and possibly later, coffee from the ration list. But we cannot hope in a period of total war to increase the supply of all necessities sufficiently to relieve the price situation.

To reduce the price of key necessities or even to hold some of them at present levels, we either will have to reduce producers' prices and distributors' margins or we will have to use subsidies.

That does not mean that we can achieve stabilization by subsidies alone, without firm price and wage policies, adequate fiscal measures, and positive programs to assure that adequate supplies of essentials at legitimate prices will be available in the legitimate markets.

But the experience of other countries like Canada and England does demonstrate that limited subsidies can and must be effectively used as a key weapon to control inflation.

The alternative to such action would be more costly to the Treasury and to the people. If we do not take the course of action I have suggested, we shall be charged with having failed to stabilize the cost of living, as the act of October 2, 1942, directed us to do, and there will be increasing demands from the workers of the Nation for a drastic modification of the Little Steel formula.

If a 10-percent over-all increase in wages should occur as a consequence of our failure to stabilize living costs, that added cost of labor alone would cause an increase of not less than 4½ percent in the general level of prices. That would increase our annual war costs approximately \$4,500,000,000. For we are spending one hundred billion per annum for war and every rise of 1 percent in the prices the Government pays, adds approximately one billion to the Government's war expenditures. I say approximately because some of the expenditures would not automatically be increased. A 10-percent wage increase would, moreover, increase the cost of living by at least 4½ percent and would cost consumers at least \$4,000,000,000 a year.

And, what is more, if we should have to abandon the hold-the-line order and allow wages to rise we would have no assurance that we would be able to hold living costs stable even at a higher level. Rising costs would continue to press against the price and wage levels and these would be forced higher still. Rising wages would add to the excess purchasing power, and an enlarged inflationary gap would make the fiscal task of absorbing excess purchasing power by higher taxes and enforced savings unmanageable. Those with meager wages and small fixed incomes would be ground below the margin of fair subsistence.

I need not tell the Congress the devastation which will be wrought, far and wide, on the farmer, the worker, and the businessman, if the fires of inflation ever get out of control. The farmers will never forget the deflation following the last war and the sufferings they then endured.

To protect the farmer it is not necessary to oppress the consumer. The way to protect the farmer is to authorize the Commodity Credit Corporation to pay the farmer what he should get for his

products and to sell those products at a loss if need be to keep the cost of living down. That may be a subsidy, but that is the only way to avoid inflation which will be ruinous to farmer and consumer alike. If we prohibit subsidies and allow the cost of living to rise, as this bill does, whatever support prices we make to the farmer will be nullified by the inflation of all prices and all costs.

I have just been informed that the preliminary figures indicate that between May 15 and June 15 there was a decrease of 1 percent in food prices. This is the first decline in the food price index in more than a year. This bill would wipe out that decline and start anew a rise in the cost of living. I cannot by signing it share the responsibility for that rise and its disastrous consequences.

Those in command of our war economy like those in command of our armies must be endowed with adequate authority to meet emergency situations as they arise.

Subsidies to help hold down living costs and at the same time protect the farmer should be applied only in strictly limited and clearly defined circumstances. Such subsidies should be confined to goods essential to the maintenance of a reasonable wartime standard of living for the people. Wherever the grant of subsidies at flat rates would involve gross windfall profits for low-cost producers, processors, or distributors, they should be granted on a differential basis to cover the special burdens of small business and high-cost producers.

I do not intend to permit farm prices and farm incomes to be depressed. Today the aggregate net income of farmers like that of the workers is larger than ever before. As a result of my recommendation of September 7, 1942, that a floor be established for farm prices, Congress by the act of October 2, 1942, guaranteed to farmers 90 percent of parity on most farm products during the war and for at least 2 crop years thereafter—a guaranty given to no other group. If further payments to farmers are necessary to enable them to make the added outlays required to increase the production of war crops, those payments should and will be made.

But unless the Congress leaves with the executive branch the means of seeing to it that further increases in producers' prices do not increase the cost of living, the executive branch cannot accept responsibility for holding the wage line or for stopping the inflationary spiral.

If I am to hold the line, my hands must be left reasonably free to hold it even-handedly.

In this task of saving our free economy, Congress and the Executive must work together, as a team. H. R. 2869 marks a definite retreat from economic stability toward uncontrolled inflation. That retreat cannot be made with my approval.

I sincerely hope that if the Congress cannot agree before its recess on legislation which will remove the serious defects in this bill, it will pass a joint resolution continuing the life of the Commodity Credit Corporation and providing the increase in borrowing power until the Congress has time to agree upon an ap-

propriate measure. The officials of the executive departments will welcome an opportunity to furnish information and be of assistance.

I return the bill without my signature.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, July 2, 1943.

The SPEAKER. The objections of the President will be spread at large upon the Journal, and the message and bill will be printed as a House document.

Mr. STEAGALL. Mr. Speaker, I move that the message of the President and the bill be referred to the Committee on Banking and Currency.

Mr. Speaker, it is not my purpose to enter into an extended discussion of the matter before the House. Let me say that any layman or lawyer who will read section 2 of the first price-control bill will readily understand that the purpose of that section was to authorize the Price Administrator to pay subsidies or to buy and sell, use, and store commodities for one purpose—and one purpose only—to secure an adequate supply of commodities for the war program. It was not the intention of Congress—I think I speak for those who are responsible for the legislation—that that section should be used as it has been used or for the purpose of preventing inflation.

Mr. Speaker, I do not desire to pursue this discussion further. I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the motion offered by the gentleman from Alabama [Mr. STEAGALL] that the message and the bill be referred to the Committee on Banking and Currency.

Mr. WOLCOTT. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

Mr. BRADLEY of Pennsylvania. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BRADLEY of Pennsylvania. What will be the situation with respect to the veto message if this motion does not carry?

The SPEAKER. If the motion is rejected, the question will then be on whether or not the House will on reconsideration pass the bill, the objections of the President to the contrary notwithstanding.

The question is on the motion.

The question was taken; and there were—yeas 184, nays 200, not voting 47. as follows:

[Roll No. 128]

YEAS—184

Abernethy	Burgin	D'Alesandro
Allen, La.	Byrne	Davis
Anderson,	Camp	Dawson
N. Mex.	Cannon, Fla.	Delaney
Baldwin, Md.	Celler	Dickstein
Bates, Ky.	Chapman	Dies
Beckworth	Clark	Dilweg
Bloom	Coffee	Dingell
Bonner	Colmer	Domengeaux
Boykin	Cooley	Doughton
Bradley, Pa.	Cooper	Durham
Brooks	Costello	Eberharter
Brown, Ga.	Courtney	Elliott
Bryson	Cox	Ellison, Md.
Buckley	Cravens	Feighan
Bulwinkle	Creal	Fernandez
Burch, Va.	Crosser	Fisher
Burchill, N. Y.	Cullen	Flannagan
Burdick	Curley	Fogarty

Folger	Ludlow	Rogers, Calif.
Forand	Lynch	Rowan
Fulbright	McCord	Sabath
Gavagan	McCormack	Sadowski
Gibson	McGranery	Sasser
Gordon	McMillan	Satterfield
Gore	McMurray	Scanlon
Gorski	Madden	Schuetz
Gossett	Magnuson	Sheppard
Granger	Mahon	Sikes
Grant, Ala.	Mansfield,	Slaughter
Gregory	Mont.	Smith, Va.
Hagen	Marcantonio	Smith, W. Va.
Hare	May	Snyder
Harless, Ariz.	Mills	Somers, N. Y.
Harri's, Ark.	Monroney	Sparkman
Harris, Va.	Murdock	Spence
Hart	Murphy	Starnes, Ala.
Hays	Murray, Tenn.	Steagall
Heffernan	Myers	Sullivan
Hendricks	Nichols	Summers, Tex.
Hobbs	Norrell	Tarver
Hoch	O'Brien, Mich.	Thomas, Tex.
Jackson	O'Connor	Thomason
Jarman	O'Neal	Vincent, Ky.
Johnson,	O'Toole	Voorhis, Calif.
Luther A.	Outland	Walter
Johnson,	Pace	Ward
Lyndon B.	Patman	Wasielewski
Johnson, Okla.	Patton	Weaver
Kee	Peterson, Fla.	Weiss
Kefauver	Peterson, Ga.	Welch
Kelley	Pfeifer	Wene
Keogh	Poage	Welch, Ga.
Kerr	Price	White
Kilday	Priest	Whitten
Kirwan	Rabaut	Whittington
Klein	Ramspeck	Wickersham
LaFollette	Randolph	Winstead
Lane	Rankin	Woodrum, Va.
Lanham	Richards	Worley
Larcade	Rivers	Wright
Lea	Robertson	Zimmerman
Lemke	Robinson, Utah	

NAYS—200

Allen, Ill.	Engel	Lambertson
Andersen,	Fellows	Landis
H. Carl	Fenton	LeCompte
Anderson, Calif.	Fish	LeFevre
Andresen,	Gale	Lewis
August H.	Gamble	Luce
Andrews	Gathings	McCowan
Angell	Gavin	McGehee
Arends	Gearhart	McGregor
Arnold	Gerlach	McKenzie
Auchincloss	Gilchrist	McLean
Baldwin, N. Y.	Gillette	McWilliams
Barrett	Gillie	Maas
Bates, Mass.	Goodwin	Manasco
Beall	Graham	Martin, Iowa
Bell	Grant, Ind.	Martin, Mass.
Bender	Griffiths	Marrow
Bennett, Mich.	Gross	Michener
Bennett, Mo.	Gwynne	Miller, Conn.
Bishop	Hale	Miller, Mo.
Blackney	Hall,	Miller, Nebr.
Bland	Leonard W.	Miller, Pa.
Bolton	Halleck	Monkiewicz
Boren	Hancock	Morrison, La.
Brehm	Hartley	Mott
Brown, Ohio	Heidinger	Mruk
Buffett	Herter	Mundt
Busbey	Hess	Murray, Wis.
Butler	Hill	Newsome
Canfield	Hinschaw	Norman
Cannon, Mo.	Hoeven	O'Brien, N. Y.
Carlson, Kans.	Hoffman	O'Konski
Carlson, Ohio	Holmes, Mass.	Philbin
Carter	Holmes, Wash.	Pittenger
Case	Hope	Ploeser
Chenoweth	Horan	Poulson
Chiperfield	Howell	Powers
Church	Hull	Ramey
Clason	Jeffrey	Reece, Tenn.
Clevenger	Jenkins	Reed, Ill.
Cole, Mo.	Jennings	Reed, N. Y.
Cole, N. Y.	Jensen	Rees, Kans.
Compton	Johnson,	Rizley
Crawford	Anton J.	Rockwell
Cunningham	Johnson,	Rodgers, Pa.
Curtis	Calvin D.	Rohrbough
Day	Johnson, Ind.	Rolph
Dewey	Johnson,	Sauthoff
Dirksen	J. Leroy	Schiffner
Disney	Jones	Schwabe
Ditter	Jonkman	Scott
Dondero	Judd	Short
Douglas	Kean	Simpson, Ill.
Dworshak	Kearney	Simpson, Pa.
Eaton	Keefe	Smith, Maine
Ellis	Kinzer	Smith, Ohio
Ellsworth	Kleberg	Smith, Wis.
Elmer	Knutson	Springer
Elston, Ohio	Kunkel	

Stanley	Taylor	Wheat
Stearns, N. H.	Thomas, N. J.	Wigglesworth
Stefan	Tibbott	Willey
Stewart	Towe	Wilson
Stockman	Troutman	Winter
Sumner, Ill.	Vorys, Ohio	Wolcott
Sundstrom	Vursell	Wolfenden, Pa.
Taber	Wadsworth	Wolverton, N. J.
Talbot	Weichel, Ohio	Woodruff, Mich.
Talle	West	

NOT VOTING—47

Barden	Harness, Ind.	O'Leary
Barry	Hébert	Phillips
Bradley, Mich.	Holifield	Plumley
Capozzoli	Izac	Pracht
Cochran	Johnson, Ward	Robson, Ky.
Culkin	Kennedy	Rowe
Drewry	Kilburn	Russell
Fay	King	Shafer
Fitzpatrick	Lesinski	Sheridan
Ford	Maloney	Stevenson
Fulmer	Mansfield, Tex.	Tolan
Furlong	Mason	Treadway
Gallagher	Merritt	Van Zandt
Gifford	Morrison, N. C.	Vinson, Ga.
Green	Norton	
Hall,	O'Brien, Ill.	
Edwin Arthur O'Hara		

So the motion was rejected.

The Clerk announced the following pairs:

On this vote:

Mrs. Norton for, with Mr. Gallagher against.
Mr. Merritt for, with Mr. Plumley against.
Mr. Vinson of Georgia for, with Mr. Shafer against.

Mr. Fay for, with Mr. Robson of Kentucky against.

Mr. Fitzpatrick for, with Mr. Phillips against.

Mr. Ford for, with Mr. O'Hara against.

Mr. Barry for, with Mr. Kilburn against.

Mr. Sheridan for, with Mr. Gifford against.

Mr. Capozzoli for, with Mr. Treadway against.

Mr. Kennedy for, with Mr. Pracht against.

Mr. Furlong for, with Mr. Edwin Arthur Hall against.

Mr. Drewry for, with Mr. Harness of Indiana against.

Mr. Mansfield of Texas for, with Mr. Bradley of Michigan against.

Mr. Lesinski for, with Mr. Mason against.

Mr. Holifield for, with Mr. Ward Johnson against.

General pairs:

Mr. Cochran with Mr. Rowe.

Mr. Hébert with Mr. Stevenson.

Mr. O'Brien of Illinois with Mr. Culkin.

Mr. Tolan with Mr. Van Zandt.

Mr. COX changed his vote from "nay" to "aye."

The result of the vote was announced as above recorded.

The SPEAKER. The question is, Will the House on reconsideration agree to pass the bill, the objections of the President to the contrary notwithstanding?

Mr. STEAGALL. Mr. Speaker, this measure has had as thorough study by the Congress as any measure coming within my knowledge in recent times. It was approved by the House, and by the Senate, and, after long study, in conference.

Mr. MARCANTONIO. Mr. Speaker, I rise to a point of order.

Mr. SABATH. Mr. Speaker, I rise to a point of order.

The SPEAKER. The gentleman will state it.

Mr. SABATH. Has the gentleman from Alabama the right to address the House; and if so, has anyone else the right to have the same amount of time?

The SPEAKER. The gentleman from Alabama is recognized and controls 1 hour. He is privileged to move the previous question at any time.

Mr. STEAGALL. Mr. Speaker, in deference to the wishes of the House, and to the votes in the House, and in the interest of expediency, I move the previous question.

The previous question was ordered.

The SPEAKER. The Clerk will call the roll.

The question was taken; and there were—yeas 228, nays 154, not voting 49, as follows:

[Roll No. 129]

YEAS—228

Abernethy	Gilchrist	-Miller, Pa.
Allen, Ill.	Gillette	Mills
Andersen,	Gillie	Monkiewicz
H. Carl	Goodwin	Morrison, La.
Anderson, Calif.	Gossett	Mott
Andresen,	Graham	Mruk
August H.	Grant, Ala.	Mundt
Andrews	Grant, Ind.	Murray, Wis.
Angell	Griffiths	Newsome
Arends	Gross	Norman
Arnold	Gwynne	O'Brien, N. Y.
Auchincloss	Hagen	O'Connor
Baldwin, Md.	Hale	O'Konski
Baldwin, N. Y.	Hall,	Peterson, Ga.
Barrett	Leonard W.	Philbin
Bates, Mass.	Halleck	Pittenger
Beall	Hancock	Ploeser
Bell	Hartley	Poage
Bender	Heidinger	Poulson
Bennett, Mich.	Herter	Ramey
Bennett, Mo.	Hess	Rankin
Bishop	Hill	Reece, Tenn.
Blackney	Hinschaw	Reed, Ill.
Bolton	Hoeven	Reed, N. Y.
Boren	Hoffman	Rees, Kans.
Boykin	Holmes, Mass.	Rizley
Brehm	Holmes, Wash.	Rockwell
Brown, Ga.	Hope	Rodgers, Pa.
Brown, Ohio	Horan	Rogers, Mass.
Buffett	Howell	Rohrbough
Busbey	Hull	Rolph
Butler	Jarman	Sauthoff
Canfield	Jeffrey	Schiffner
Cannon, Fla.	Jenkins	Schwabe
Cannon, Mo.	Jennings	Scott
Carlson, Kans.	Jensen	Simpson, Ill.
Carson, Ohio	Johnson,	Simpson, Pa.
Case	Anton J.	Slaughter
Chenoweth	Johnson,	Smith, Maine
Chiperfield	Calvin D.	Smith, Ohio
Church	Johnson, Ind.	Smith, Wis.
Clason	Johnson,	Springer
Clevenger	J. Leroy	Stanley
Cole, Mo.	Johnson,	Starnes, Ala.
Cole, N. Y.	Luther A.	Steagall
Colmer	Jones	Stearns, N. H.
Compton	Jonkman	Stefan
Costello	Judd	Stewart
Cox	Kean	Stockman
Crawford	Kearney	Sumner, Ill.
Cunningham	Keefe	Summers, Tex.
Curtis	Kilday	Sundstrom
Day	Kinzer	Taber
Dewey	Kleberg	Talbot
Dirksen	Knutson	Talle
Disney	Kunkel	Taylor
Ditter	LaFollette	Thomas, N. J.
Domengeaux	Lambertson	Tibbott
Dondero	Landis	Towe
Douglas	Lanham	Troutman
Dworshak	Lea	Vorys, Ohio
Eaton	LeCompte	Vursell
Elliott	Lemke	Wadsworth
Ellis	Lewis	Weichel, Ohio
Ellsworth	Luce	West
Elmer	McCowan	Wheat
Elston, Ohio	McGehee	Welch, Ga.
Engel	McGregor	Whitten
Fellows	McKenzie	Whittington
Fenton	McLean	Wigglesworth
Fernandez	McWilliams	Willey
Fish	Maas	Wilson
Fisher	Manasco	Winstead
Gale	Martin, Iowa	Winter
Gamble	Martin, Mass.	Wolcott
Gathings	Merrow	Wolfenden, Pa.
Gavin	Michener	Woodruff, Mich.
Gearhart	Miller, Mo.	
Gerlach	Miller, Nebr.	

NAYS—154

Allen, La.	Gore	Pace
Anderson, N. Mex.	Gorski	Patman
Bates, Ky.	Granger	Patton
Beckworth	Gregory	Peterson, Fla.
Bland	Hare	Pfeifer
Bloom	Harless, Ariz.	Powers
Bonner	Harris, Ark.	Price
Bradley, Pa.	Harris, Va.	Priest
Brooks	Hart	Rabaut
Bryson	Hays	Ramspeck
Buckley	Heffernan	Randolph
Bulwinkle	Hendricks	Richards
Burch, Va.	Hobbs	Rivers
Burchill, N. Y.	Hoch	Robertson
Burdick	Jackson	Robinson, Utah
Burgin	Johnson	Rogers, Calif.
Byrne	Lyndon B. Johnson, Okla.	Rowan
Camp	Kee	Sabath
Carter	Kefauver	Sadowski
Celler	Kelley	Sasser
Chapman	Keogh	Satterfield
Clark	Kerr	Scanlon
Coffee	Kirwan	Schuetz
Cooley	Klein	Sheppard
Cooper	Lane	Sikes
Courtney	Larcade	Smith, Va.
Cravens	Ludlow	Smith, W. Va.
Creal	Lynch	Snyder
Crosser	McCord	Somers, N. Y.
Cullen	McCormack	Sparkman
Curley	McGranery	Spence
D'Alesandro	McMillan	Sullivan
Davis	McMurray	Tarver
Dawson	Madden	Thomas, Tex.
Delaney	Magnuson	Thomason
Dickstein	Mahon	Vincent, Ky.
Dies	Mansfield, Mont.	Voorhis, Calif.
Dilweg	Marcanonio	Ward
Dingell	May	Wesielewski
Doughton	Miller, Conn.	Weaver
Durham	Monroney	Weiss
Eberharter	Murdock	Welch
Ellison, Md.	Murphy	Wene
Feighan	Murray, Tenn.	White
Flannagan	Myers	Wickersham
Fogarty	Nichols	Wolverton, N. J.
Folger	Norrell	Woodrum, Va.
Forand	O'Brien, Mich.	Worley
Fulbright	O'Neal	Wright
Gavagan	O'Toole	Zimmerman
Gibson	Outland	
Gordon		

NOT VOTING—49

Barden	Harness, Ind.	O'Hara
Barry	Hébert	O'Leary
Bradley, Mich.	Holifield	Phillips
Capozzoli	Izac	Plumley
Cochran	Johnson, Ward	Pracht
Culkin	Kennedy	Robison, Ky.
Drewry	Kilburn	Rowe
Fay	King	Russell
Fitzpatrick	LeFevre	Shafer
Ford	Lesinski	Sheridan
Fulmer	Maloney	Short
Furiong	Mansfield, Tex.	Stevenson
Gallagher	Mason	Tolan
Gifford	Merritt	Treadway
Green	Morrison, N. C.	Van Zandt
Hall	Norton	Vinson, Ga.
Edwin Arthur O'Brien, Ill.		

So (two-thirds not having voted in favor thereof) the bill was rejected.

The Clerk announced the following pairs:

On this vote.

Mr. Short and Mr. Shafer for, with Mr. Drewry against.

Mr. Gallagher and Mr. Plumley for, with Mrs. Norton against.

Mr. Phillips and Mr. O'Hara for, with Mr. Fitzpatrick against.

Mr. Kilburn and Mr. Mason for, with Mr. Sheridan against.

Mr. Gifford and Mr. Treadway for, with Mr. Ford against.

Mr. Stevenson and Mr. Robison of Kentucky for, with Mr. Kennedy against.

Mr. Pracht and Mr. Edwin Arthur Hall for, with Mr. Fay against.

Mr. Bradley of Michigan and Mr. LeFevre for, with Mr. Merritt against.

General pairs:

Mr. Holifield with Mr. Ward Johnson.

Mr. Barry with Mr. Rowe.

Mr. Vinson of Georgia with Mr. Harness of Indiana.

Mr. Capozzoli with Mr. Van Zandt.

Mr. Cochran with Mr. Culkin.

Mr. FISHER changed his vote from "no" to "aye."

Mr. McGEHEE changed his vote from "no" to "aye."

The result of the vote was announced as above recorded.

The SPEAKER. The message and the bill together with the accompanying papers is referred to the Committee on Banking and Currency, and ordered printed, and the Clerk will notify the Senate of the action of the House.

EMERGENCY FLOOD-CONTROL WORK—
CONFERENCE REPORT

Mr. WHITTINGTON. Mr. Speaker, I present a conference report and statement upon the bill (S. 1134) to provide for emergency flood-control work made necessary by recent floods, and for other purposes, for printing under the rule.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1134) to provide for emergency flood-control work made necessary by recent floods, and other purposes having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

"That the sum of \$10,000,000 is hereby authorized to be appropriated as an emergency fund to be expended under the direction of the Secretary of War and the supervision of the Chief of Engineers for the repair, restoration, and strengthening of levees and other flood-control works which have been threatened or destroyed by the recent floods: *Provided*, That pending the appropriation of said sum the Secretary of War may allot from existing flood-control appropriations such sums as may be necessary for the immediate prosecution of the work herein authorized, such appropriations to be reimbursed from the appropriation herein authorized when made: *Provided further*, That funds allotted under this authority shall not be diverted from the unobligated funds from the appropriation "Flood control, general," made available in the War Department Civil Appropriation Act, 1944, for specific purposes therein enumerated.

"Sec. 2. The provisions of Section 1 shall be deemed to be additional and supplemental to, and not in lieu of, existing general legislation authorizing allocation of flood-control funds for restoration of flood-control works threatened or destroyed by flood.

"Sec. 3. The Secretary of Agriculture is hereby authorized and directed to suspend all quota provisions and other limitations with respect to the production of agricultural commodities on any lands affected by floods in 1943 whenever he finds that crops have been destroyed or plantings interfered with or washed out on said lands by reason of such floods, and he is further authorized to permit the maximum planting on such lands of any crops which are essential to the war effort, without the imposition of any penalty or the withholding of any benefit, soil conservation, or other agricultural payments.

"Sec. 4. The War Production Board, and every other governmental agency which has jurisdiction over allocations and priorities relating to farm machinery and equipment, are authorized and directed immediately to

take such steps as may be necessary to provide for the necessary allocations and priorities to enable farmers in the areas affected by floods in 1943 to replace and repair their farm machinery and equipment which was destroyed or damaged by such floods, and to continue farming operations."

And the House agree to the same.

WILL M. WHITTINGTON,
A. LEONARD ALLEN,
A. J. ELLIOTT,
CHARLES R. CLASON,
CARL T. CURTIS,

Managers on the part of the House.

JOHN H. OVERTON,
BENNETT C. CLARK,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1134) entitled "A bill to provide for emergency flood-control work made necessary by recent floods, and for other purposes," submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to such an amendment, namely:

AMENDMENT

The Senate bill included H. R. 3010 with the committee amendment reported by the House Committee on Flood Control. In addition to including the provisions of the House bill, section 2 authorized the Reconstruction Finance Corporation to aid in the rehabilitation, including the necessary relocation, protection, and elevation above flood plane, of railroads engaged in interstate commerce whose properties have been destroyed or damaged in whole or in part by flood in 1943, to make loans not to exceed at any one time \$25,000,000, at a rate of interest not to exceed 3 percent, upon such terms and conditions and with such security as the Corporation may prescribe. Under existing law the Reconstruction Finance Corporation is authorized to make such loans to railroads upon the approval of the Interstate Commerce Commission when such railroads are unable to obtain funds upon reasonable terms through banking channels or from the public, but requires adequate security, and the rate of interest is left to the discretion of the Reconstruction Finance Corporation, which Corporation is authorized to make the loans at a rate in excess of or less than 3 percent. The loans heretofore made are generally at the rate of 4 percent, although other loans are made to railroads at rates of interest less than 3 percent. The proposed section eliminated the requirement of adequate security and eliminated other requirements of existing law. There is adequate existing law to authorize the Reconstruction Finance Corporation to make rehabilitation loans to railroads. The proposed section 2 would have changed existing law. The section was eliminated in conference.

Section 4 of the Senate bill authorized the Secretary of Agriculture to suspend quota provisions on any lands affected by floods in 1943. All quota provisions have been suspended except the provisions on cotton and tobacco. It is too late to plant either cotton or tobacco for 1943. The proposed section 4 does not, therefore, change existing law. It was agreed to with an amendment that no penalty would be imposed for exceeding the quotas and that no benefit soil conservation or other agricultural payment would be withheld for exceeding the quotas in 1943.

Section 5 of the said Senate bill directed the War Production Board and every other governmental agency having jurisdiction over allocations and priorities relating to farm machinery and equipment to provide the necessary allocations and priorities to enable farmers in the areas affected by floods in 1943 to replace and repair their farm machinery and equipment which was destroyed or dam-

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